

PRELIMINARY OFFICIAL STATEMENT DATED JULY 30, 2026

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser.

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 69, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS WILL NOT BE DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—Not Qualified Tax-Exempt Obligations."

BOOK-ENTRY-ONLY

\$3,685,000

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 69

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

UNLIMITED TAX ROAD BONDS

SERIES 2026A

Dated Date: September 1, 2026

Due: May 1, as shown below

Interest Accrual Date: Date of Delivery

Principal of the bonds described above (the "Bonds") will be payable at maturity or earlier redemption at the principal payment office of the Paying Agent/Registrar, initially The Bank of New York Mellon Trust Co., N.A., Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will accrue from the date of initial delivery (expected to be on or about September 9, 2026) (the "Date of Delivery") and will be payable on May 1 and November 1 of each year, commencing May 1, 2027, until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in fully registered form only in denominations of \$5,000 each or integral multiples thereof. The Bonds will be subject to redemption prior to their maturity, as shown below.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar, as herein defined, directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY-ONLY SYSTEM."

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

Due (May 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (d)	Due (May 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (d)
2028	\$ 65,000				2042	\$ 150,000 (c)			
2029	65,000				2043	150,000 (c)			
2030	80,000				2044	150,000 (c)			
2031	80,000				2045	155,000 (c)			
2032	95,000				2046	155,000 (c)			
2033	110,000 (c)				2047	170,000 (c)			
2034	110,000 (c)				2048	170,000 (c)			
2035	120,000 (c)				2049	170,000 (c)			
2036	125,000 (c)				2050	170,000 (c)			
2037	130,000 (c)				2051	170,000 (c)			
2038	135,000 (c)				2052	175,000 (c)			
2039	140,000 (c)				2053	175,000 (c)			
2040	145,000 (c)				2054	175,000 (c)			
2041	150,000 (c)								

- (a) The Initial Purchaser (as herein defined) may designate one or more maturities as term bonds. See accompanying "OFFICIAL NOTICE OF SALE" and "OFFICIAL BID FORM."
- (b) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.
- (c) The Bonds maturing on or after May 1, 2033 are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on May 1, 2032, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
- (d) CUSIP Numbers will be assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

The Bonds, when issued, will constitute valid and legally binding obligations of Brazoria County Municipal Utility District No. 69 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Brazoria County, the City of Pearland or any entity other than the District. Investment in the Bonds is subject to special risk factors described herein. See "RISK FACTORS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about September 9, 2026.

BIDS DUE: THURSDAY, AUGUST 6, 2026 AT 9:30 A.M., HOUSTON TIME, HOUSTON, TEXAS
BID AWARD: THURSDAY, AUGUST 6, 2026 AT 12:00 P.M., HOUSTON TIME, PEARLAND, TEXAS

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 2400, Houston, Texas, 77056 upon payment of the costs of duplication.

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

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

OFFICIAL STATEMENT SUMMARY

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

THE FINANCING

- The Issuer* Brazoria County Municipal Utility District No. 69 (the “District”), a political subdivision of the State of Texas, is located in Brazoria County, Texas. See “THE DISTRICT.”
- The Issue* \$3,685,000 Brazoria County Municipal Utility District No. 69, Unlimited Tax Road Bonds, Series 2026A, dated September 1, 2026 (the “Bonds”). The Bonds mature serially on May 1 in each year from 2028 through 2054, both inclusive, in the respective amounts and bearing interest at the rates for each maturity shown on the cover page hereof. Interest on the Bonds will accrue from the Date of Delivery and will be payable May 1 and November 1 of each year, commencing May 1, 2027, until maturity or prior redemption and will be calculated on the basis of 360-day year consisting of twelve 30-day months. The Bonds maturing on or after May 1, 2033 are subject to optional redemption, in whole or, from time to time, in part, on May 1, 2032, or on any date thereafter, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. If less than all the Bonds are redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be selected by the District in integral multiples of \$5,000 in any one maturity. If less than all the Bonds within a maturity are redeemed, the Bonds to be redeemed shall be selected by DTC in accordance with its procedures. See “BOOK-ENTRY-ONLY SYSTEM.” The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple thereof. See “THE BONDS.”
- Book-Entry-Only* The Bonds will be registered in the name of, and delivered only to, Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC, which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See “BOOK-ENTRY- ONLY SYSTEM.”
- Authority for Issuance* At an election held within the District on May 5, 2018, voters authorized a total of \$93,055,000 in principal amount of unlimited tax bonds for the purpose of financing or constructing road facilities. The Bonds constitute the first issuance of bonds from such authorization. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order (herein defined), Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “RISK FACTORS—Future Debt,” “THE BONDS—Authority for Issuance,” and “—Issuance of Additional Debt.”
- Source of Payment* The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Brazoria County, the City of Pearland (the “City”) or any entity other than the District. See “THE BONDS—Source and Security for Payment.”
- Use of Proceeds* Proceeds from the Bonds will be used to finance road facilities shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, proceeds from the Bonds will be used to capitalize the lesser of \$276,375 or eighteen (18) months of interest on the Bonds; to pay for interest on funds advanced by certain Developers (as herein defined) on behalf of the District; and to pay engineering fees, administrative costs, and certain other costs related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

<i>Payment Record</i>	The Bonds are the District’s first issuance of unlimited tax bonds for road facilities. The District has previously issued \$6,975,000 principal amount of unlimited tax bonds for water, wastewater and drainage facilities in one series, all of which remains outstanding as of the date hereof (the “Outstanding Bonds”). The District has never defaulted in the payment of principal of or interest on the Outstanding Bonds. See “FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds.” The District capitalized twenty-four (24) months of interest from proceeds of the Outstanding Bonds in April 2026 and will capitalize the lesser of \$276,375 or eighteen (18) months of interest from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Not Qualified Tax-Exempt Obligations</i>	The District will not designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “LEGAL MATTERS—Not Qualified Tax-Exempt Obligations.”
<i>Legal Opinion</i>	Schwartz, Page & Harding, L.L.P., Bond Counsel, Houston, Texas.
<i>Engineer</i>	R.G. Miller Engineers, Inc., Houston, Texas.
<i>Disclosure Counsel</i>	McCall, Parkhurst & Horton L.L.P, Houston, Texas.
<i>Financial Advisor</i>	Masterson Advisors LLC, Houston, Texas.
<i>Paying Agent/Registrar</i>	The Bank of New York Mellon Trust Co., N.A., Houston, Texas.
<i>Municipal Bond Rating and Municipal Bond Insurance</i> ..	The District has not applied for an underlying investment grade rating nor is it expected that the District would have been successful if such application had been made.

Applications have been made to various municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser at the Initial Purchaser’s expense. The payment of any rating fee related to insurance will be the responsibility of the Initial Purchaser. See “RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance” and “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”

THE DISTRICT

<i>Description</i>	The District is a municipal utility district created by Act of the 85th Texas Legislature (House Bill No. 1962, Regular Session, dated May 18, 2017 (codified as Chapter 7970, Texas Special District Local Laws Code)), under Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the corporate limits of the City of Pearland (the “City”), is subject to the continuing supervisory jurisdiction of the Texas Commission on Environmental Quality (the “Commission”). The District originally contained approximately 371 acres and subsequently annexed approximately 129 acres. The District currently contains approximately 500 acres of land. See “UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT” and “THE DISTRICT.”
<i>Location</i>	The District is located in Brazoria County within the corporate limits of the City, approximately 16 miles south of downtown Houston. The District is bordered on the north by Old Massey Ranch Road, and is located approximately four miles west of Texas State Highway 35, approximately four miles east of Texas State Highway 288, and approximately four miles north of Texas State Highway 6. The District is located within the boundaries of Alvin Independent School District. See “THE DISTRICT” and “AERIAL PHOTO.”
<i>Status of Development</i>	Current single-family residential development in the District consists of Massey Oaks, Sections One through Five (369 single-family residential lots on approximately 113 acres) and Massey Oaks Village, Sections One and Two (134 single-family residential lots on approximately 40 acres). As of July 1, 2026, 302 homes were completed (292 occupied), 85 homes were under construction or in the name of a homebuilder and 116 vacant developed lots were available for home construction. In addition, 100 single-family residential lots are under construction on approximately 26 acres in Arcadian Estates, Sections One and Two, and are expected to be completed by the fourth quarter of 2026. See “THE DISTRICT—Land Use,” “—Status of Development” and “—Future Development.”

The District also includes approximately 221 developable acres that remain to be developed, and approximately 100 acres that are undevelopable (street easements, drainage detention, parks, power easements, pipeline easements and drill sites). See “RISK FACTORS—Undeveloped Acreage and Vacant Lots” and “THE DISTRICT.”

Homebuilding..... Meritage and CastleRock Communities are building homes in Massey Oaks with an average sales price of \$528,000 and \$450,000, respectively. Meritage is building homes in Massey Oaks Village with an average sales price of \$344,000. Pursuant to separate agreements made with the District, Meritage and CastleRock Communities are eligible to be reimbursed by the District for the Connection Charges (as defined herein) paid to the City in connection with homes they respectively construct in Massey Oaks, Sections One through Five. See “THE DISTRICT—Homebuilding.”

The Developers and Major Landowner..... Meritage Homes of Texas LLC, an Arizona limited liability company (“Meritage”) has developed 134 single-family residential lots on approximately 40 acres in Massey Oaks Village, Sections One and Two and does not own any additional developable but undeveloped land in the District. Meritage is the sole homebuilder in Massey Oaks Village. Meritage is a wholly-owned subsidiary of Meritage Homes Corporation, a Maryland corporation and publicly traded company whose common stock is listed on the New York Stock Exchange under the ticker symbol “MTH.”

Beazer Homes Texas, LP, a Delaware limited partnership (“Beazer Homes”), is currently developing 100 single-family residential lots on approximately 26 acres in Arcadian Estates, Sections One and Two, and completion is expected by the fourth quarter of 2026. Beazer Homes continues to own approximately 18 acres of developable but undeveloped land in the District. The General Partner of Beazer Homes is Beazer Homes Texas Holdings, Inc., a Delaware corporation (“Beazer Holdings”), the stock of which is owned by Beazer Homes, USA, Inc. (“Beazer USA”), which is traded on the New York Stock Exchange under the ticker symbol “BZH.”

Meritage and Beazer Homes are referred to herein as the “Developers.”

The initial developer of Massey Oaks, Sections One through Five was Massey Oaks Development, LP, a Texas limited partnership (“Massey Oaks Development”). Massey Oaks Development was formed to acquire and develop approximately 371 acres of undeveloped land within the District. Massey Oaks Development completed the development of 369 single-family residential lots on approximately 113 acres in Massey Oaks, Sections One through Five and subsequently sold such developed lots to Meritage and CastleRock Communities for homebuilding. On November 4, 2025, TC Massey Oaks FC LP, a Delaware limited partnership (“TC Massey Oaks FC”), foreclosed upon the remaining approximately 178 acres of undeveloped land in the District owned by Massey Oaks Development. TC Massey Oaks FC continues to own such approximately 178 acres of undeveloped land. See “THE DEVELOPERS AND MAJOR LANDOWNER.”

RISK FACTORS

The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned “RISK FACTORS.”

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2026 Taxable Assessed Valuation	\$113,600,677	(a)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds)	\$10,660,000	(b)
Estimated Overlapping Debt.....	7,230,878	(c)
Total Gross Direct Debt and Estimated Overlapping Debt.....	\$17,890,878	
Ratio of Gross Direct Debt to:		
2026 Taxable Assessed Valuation.....	9.38%	
Ratio of Gross Direct and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation.....	15.75%	
Operating Funds Available as of June 4, 2026	\$898,014	(d)
Capital Projects Funds as of June 4, 2026	\$523,322	
Debt Service Funds Available:		
Water, Wastewater and Drainage Debt Service Fund Balance as of June 4, 2026.....	\$ 652,124	(e)
Capitalized Interest from Bond Proceeds (Eighteen (18) Months) (Road).....	276,375	(e)(f)
Total Funds Available for Debt Service	\$ 928,499	(g)
2025 Tax Rate (All Maintenance and Operations)	\$0.90	(h)
Average Annual Debt Service Requirement (2027-2054)	\$656,827	(i)
Maximum Annual Debt Service Requirement (2034)	\$727,825	(i)
Tax Rate Required to Pay Average Annual Debt Service (2027-2054) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	\$0.61	
Tax Rate Required to Pay Maximum Annual Debt Service (2034) at a 95% Collection Rate		
Based upon 2026 Taxable Assessed Valuation	\$0.68	
Status of Development as of July 1, 2026 (j):		
Completed Single-Family Homes (292 occupied).....	302	
Homes under construction or in the name of a builder	85	
Lots available for home construction.....	116	
Single-Family lots under construction	100	(k)
Estimated Population	1,022	(l)

- (a) The Brazoria Central Appraisal District (the "Appraisal District") has certified \$106,965,355 of taxable value and an additional \$6,635,322 of taxable value remains uncertified. The uncertified value represents the owners' opinion; however, such value is subject to change and downward revision prior to certification. The 2026 Taxable Assessed Valuation shown throughout this Official Statement is the certified value plus the uncertified value. See "TAX PROCEDURES."
- (b) After the issuance of the Bonds, includes the Outstanding Bonds. See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds"
- (c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
- (d) Includes approximately \$61,380 of funds deposited by the Developers to fund ongoing construction projects. See "FINANCIAL STATEMENT (UNAUDITED)."
- (e) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to the bonds sold for water, wastewater and drainage facilities (the "WSD Bonds"), and a portion will be allocated to the bonds sold for road facilities (the "Road Bonds"), including the Bonds. See "THE BONDS—Funds" and "DEBT SERVICE REQUIREMENTS." Neither the Bond Order nor Texas law requires that the District maintain any particular balance in such fund.
- (f) The District will capitalize the lesser of \$276,375 or eighteen (18) months of interest from Bond proceeds. The amount above is estimated at 5.00%. See "DEBT SERVICE REQUIREMENTS."
- (g) The City has agreed to make an annual payment from the City's annual ad valorem tax revenue actually collected and received by the City from the taxpayers within the District (the "Annual Payment"). Prior to the sale of any bonds, the Annual Payments received by the District were deposited in the Operating Fund and used for any lawful purpose. Upon the issuance of bonds by the District, Annual Payments received by the District from the City shall be deposited by the District into the Debt Service Fund, and used, along with any interest thereon, solely for the purpose of paying a portion of the principal and interest on the District's outstanding indebtedness. The Annual Payment for each year shall be payable each May 1 and equal to \$0.10 per \$100 of taxable assessed valuation of the land located in the District's original boundary of approximately 371 acres (excludes approximately 129 acres annexed into the District after the creation of the District). For fiscal year 2026, the District received an Annual Payment of \$64,504 See "RISK FACTORS—Annual Payment from the City" "THE BONDS—Source and Security for Payment," "UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT" and "GENERAL FUND OPERATIONS."
- (h) The District expects to levy its initial debt service tax in 2026.
- (i) See "DEBT SERVICE REQUIREMENTS."
- (j) See "THE DISTRICT—Status of Development."
- (k) Utilities and paving are under construction and expected to be completed by the fourth quarter of 2026. See "THE DISTRICT—Status of Development."
- (l) Based upon 3.5 persons per occupied single-family residence.

PRELIMINARY OFFICIAL STATEMENT

\$3,685,000

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 69

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

UNLIMITED TAX ROAD BONDS

SERIES 2026A

This Official Statement provides certain information in connection with the issuance by Brazoria County Municipal Utility District No. 69 (the “District”) of its \$3,685,000 Unlimited Tax Road Bonds, Series 2026A (the “Bonds”).

The Bonds are issued by the District pursuant to the terms and provisions of Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District and an order authorizing the issuance, sale and delivery of the Bonds (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order adopted by the Board of Directors of the District (the “Board”), and certain other information about the District, Meritage Homes of Texas LLC, an Arizona limited liability company (“Meritage”), and Beazer Homes Texas, L.P., a Delaware limited partnership (“Beazer Homes”). Meritage and Beazer Homes are collectively referred to herein as the “Developers.” All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents may be obtained from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, upon payment of the cost of duplication.

RISK FACTORS

General

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

Undeveloped Acreage and Vacant Lots

There are approximately 221 developable acres of land within the District that have not been fully provided with water, wastewater and drainage facilities necessary to the construction of new development and 116 vacant developed lots. Future increases in value will result primarily from the construction of lots and homes and development of the approximately 221 developable acres by the Developers and other landowners in the District. Failure of the Developers or other landowners to develop the developable land or to construct homes on the developed lots could restrict the rate of growth of taxable values in the District. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding programs. See “THE DISTRICT—Land Use” and “—Status of Development.”

Developer/Landowner Obligation to the District

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

Competition

The demand for and construction of single-family homes in the District, which is approximately 16 miles from the central downtown business district of the City of Houston, could be affected by competition from other residential developments including other residential developments located in the southern portion of the Houston metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developers in the sale of developed lots and of the Developers and any other builders in the construction of single-family residential homes within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Annual Payment from the City

The City has entered into a Utility Services Agreement with the District, dated as of February 7, 2018, as subsequently amended (the “Utility Services Agreement”). Pursuant to the Utility Services Agreement, the City has agreed to make an annual payment to the District from the City’s annual ad valorem tax revenue actually collected and received by the City from the taxpayers within the District (the “Annual Payment”). On August 22, 2022, the District and the City entered into the First Amendment to the Utility Services Agreement, which provides that any additional land annexed into the District after the effective date of the original Utility Services Agreement will not receive a tax rebate. Prior to the sale of any bonds, the Annual Payments received by the District were deposited in the Operating Fund and used for any lawful purpose. Annual Payments received after the sale of bonds by the District shall be deposited into the debt service fund of the District, and used, along with any interest thereon, solely for the purpose of paying a portion of the principal and interest on the Bonds, the Outstanding Bonds and any additional bonds payable from ad valorem taxes. See “THE BONDS—Source and Security for Payment.” The Annual Payment for each year shall be payable each May 1 and equal to \$0.10 per \$100 of taxable assessed valuation of the approximately 371 acres located in the original boundary of the District (excludes approximately 129 acres annexed into the District after the creation of the District), based upon such acreage’s certified taxable assessed for the prior year and exemptions from taxation granted by the City. The Annual Payment for fiscal year ended September 30, 2026 (based upon tax year 2025) was \$64,504. The Annual Payment shall be incrementally reduced upon the occurrence of each of the following: (1) all developers within the District have been fully reimbursed, with interest, in accordance with the rules of the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”) and any utility development agreements; (2) the District has completely financed and constructed all of the water, wastewater, drainage and certain recreational facilities to serve the District; and (3) the District levies a debt service tax at a rate that is \$0.80 per \$100 of taxable assessed valuation or lower. Any reduction in the amount of the Annual Payment would have an effect on the District’s rate of taxation. In addition to the Annual Payment, the City shall make a payment each month to the District (“Monthly Revenue Payment”) equal to \$5.00 per equivalent single-family connection located within the District. See “THE BONDS—Abolishment,” “UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT,” and “GENERAL FUND OPERATIONS.”

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots available for the construction of primary residences. The market value of such properties, homes, lots and undeveloped land is related to general economic conditions affecting the demand for residences. Demand for lots and undeveloped land of this type and the construction of residential improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See “Credit Markets and Liquidity in the Financial Markets” below, and “THE DISTRICT—Status of Development.”

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 16 miles south of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District’s property tax base.

Increase in Costs of Building Materials

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

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather Events

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

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

Specific Flood Type Risks

The District is subject to the following flood risks:

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

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

Cybersecurity

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

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their ad valorem taxes. The 2026 Taxable Assessed Valuation of the District is \$113,600,677 (\$106,965,355 of certified value plus \$6,635,322 of uncertified value). See “FINANCIAL STATEMENT (UNAUDITED).” After issuance of the Bonds, the maximum annual debt service requirement will be \$727,825 (2034) and the average annual debt service requirement will be \$656,827 (2027-2054). See “DEBT SERVICE REQUIREMENTS.” Assuming no increase or decrease from the 2026 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$0.68 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement and a tax rate of \$0.61 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2026 Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event major taxpayers do not pay their District taxes timely. See “TAX PROCEDURES” and “TAX DATA—Tax Adequacy for Debt Service.”

Future Debt

After the issuance of the Bonds, the District reserves in the Bond Order the right to issue the remaining \$89,370,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of financing or constructing road facilities, \$105,900,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities, \$43,430,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities, \$156,305,000 principal amount of authorized but unissued unlimited tax water, wastewater, drainage, and parks and recreational refunding bonds and \$93,055,000 principal amount of authorized but unissued unlimited tax road refunding bonds, and any additional bonds which may be voted hereafter. After the reimbursements with proceeds of the Bonds, the Developers will have expended approximately \$42,250,000 for water, wastewater, drainage and road facilities which they have not been reimbursed. See “THE BONDS—Issuance of Additional Debt,” “—Financing Road Facilities,” “—Financing Recreational Facilities” and “RISK FACTORS—Future Debt.” The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board and any bonds issued to acquire or construct water, wastewater and drainage facilities or recreational facilities must be approved by the Commission. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds and other available District funds are adequate, under present land use projections, to finance the improvements necessary to serve such development. The District has no plans to call an election to authorize additional bonds at this time.

In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See “THE BONDS—Issuance of Additional Debt.”

Environmental and Air Quality Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirement.

The HGB Area is currently designated as a “severe” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a “serious” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA’s ozone standards, the TCEQ has established a state implementation plan (“SIP”) for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA’s attainment deadlines. These additional controls could have a negative impact on the HGB Area’s economic growth and development.

Water Supply & Discharge Issues: Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

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

Tax Collection Limitations

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

Registered Owners Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Beneficial Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Beneficial Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Beneficial Owners.

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Beneficial Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Beneficial Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' 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) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the Commission prior to filing bankruptcy. Such law requires that the Commission 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 a district with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning District relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

If 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 were confirmed by the bankruptcy court, it could, among other things, affect the Registered 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 Registered Owner's claim against the District.

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

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

Marketability

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

Future and Proposed Legislation

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated September 1, 2026, with interest payable May 1 and November 1 (each an "Interest Payment Date"), commencing May 1, 2027, until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the Date of Delivery, and thereafter, from the most recent Interest Payment Date. The Bonds mature on May 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At an election held within the District on May 5, 2018, voters of the District authorized a total of \$93,055,000 principal amount of unlimited tax bonds for the purpose of financing or constructing road facilities. The Bonds constitute the first issuance of bonds from such authorization. After the issuance of the Bonds, a total of \$89,370,000 in principal amount of unlimited tax bonds road facilities will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article III, Section 52 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and the general laws of the State of Texas.

Source and Security for Payment

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "Tax Procedures." Additionally, the City has entered into a Utility Services Agreement with the District pursuant to which the City has agreed to make an Annual Payment to the District. Annual Payments received after the sale of bonds by the District shall be deposited into the debt service fund of the District, and used, along with any interest thereon, solely for the purpose of paying a portion of the principal and interest on the Bonds, the Outstanding Bonds and any additional bonds payable from ad valorem taxes. The Annual Payment for each year shall be payable each May 1 and equal to \$0.10 per \$100 of taxable assessed valuation of the 371 acres located in the original boundary of the District (excludes approximately 129 acres annexed into the District after the creation of the District), based upon such acreage's certified taxable assessed for the prior year and exemptions from taxation granted by the City. The Annual Payment shall be incrementally reduced upon the occurrence of each of the following: (1) all developers within the District have been fully reimbursed, with interest, in accordance with the rules of the Commission and any utility development agreements; (2) the District has completely financed and constructed all of the water, wastewater, drainage and certain recreational facilities to serve the District; and (3) the District levies a debt service tax at a rate that is \$0.80 per \$100 of taxable assessed valuation or lower. See "RISK FACTORS—Annual Payment from the City," "THE BONDS—Abolishment" herein, and "UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT." Although the Annual Payment is to be used solely for the purposes of paying a portion of the principal and interest on the Bonds, the Outstanding Bonds and any additional bonds issued by the District, such Annual Payment will not be pledged to the payment of the Bonds in the Bond Order. Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the City, Brazoria County, the State of Texas, or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the prior creation of the District's Bond Fund, including the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, wastewater and drainage facilities, or to refund such bonds ("WSD Bonds") from funds received to pay debt service on bonds issued to finance road facilities or to refund such bonds ("Road Bonds"), including the Bonds. The Bond Order also confirms the District's Construction Fund, including the sub-accounts which are used to separate proceeds from WSD Bonds and Road Bonds. An amount equal to the lesser of \$276,375 or eighteen (18) months of interest on the Bonds will be deposited from the proceeds from the sale of the Bonds into the sub-account of the Bond Fund created in respect of Road Bonds. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of Road Bonds.

The proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, into the sub-account of the Bond Fund created in respect of Road Bonds. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds, and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the sub-accounts created in respect of Road Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized Road Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub-accounts of the Bond Fund created in respect of Road Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized Road Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due or to become due on Road Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Bond Fund, including funds in the sub-account created in respect of WSD Bonds, will not be allocated to the payment of the Bonds.

Record Date

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

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after May 1, 2033 prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on May 1, 2032, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Co., N.A., having its principal corporate trust office and principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District. All references herein to the Registered Owners of the bonds shall mean Cede & Co. and not the Beneficial Owners of the Bonds, so long as the Bonds are registered in the name of Cede & Co. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous paying agent/registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least \$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of \$93,055,000 principal amount of unlimited tax bonds for the purpose of financing or constructing road facilities, \$112,875,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities, \$43,430,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities, \$156,305,000 principal amount of unlimited tax water, wastewater, drainage, and parks and recreational refunding bonds and \$93,055,000 principal amount of unlimited tax road refunding bonds and could authorize additional amounts. Following issuance of the Bonds, the District will have \$89,370,000 principal amount of unlimited tax bonds authorized but unissued for road facilities, \$105,900,000 principal amount of unlimited tax bonds authorized but unissued for water, wastewater and drainage facilities, and all of the bonds authorized for park facilities, water, wastewater, and drainage refunding, road refunding and park refunding remain authorized but unissued.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the Commission; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Road Facilities

The District was created by an Act of the 85th Legislature of the State of Texas, May 18, 2017, Regular Session pursuant to House Bill 1962, codified as Chapter 7970, Texas Special District Local Laws Code, as a municipal utility district under Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, which included the granting of road powers. At an election held within the District on May 5, 2018, voters of the District authorized a total of \$93,055,000 principal amount of unlimited tax bonds for financing and constructing road facilities. The Bonds constitute the first issuance of Bonds from such authorization. After issuance of the Bonds, a total of \$89,370,000 in principal amount of unlimited tax bonds for road facilities will remain authorized but unissued from said authorization. See “RISK FACTORS—Future Debt” and “THE BONDS—Issuance of Additional Debt” herein. Issuance of additional unlimited tax bonds for road facilities may dilute the investment security for the Bonds.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance certain recreational facilities with ad valorem taxes after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the district duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the district at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan; (iv) the district obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the Commission in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. In addition, the district is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per \$100 of assessed valuation of taxable property in the district, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District.

At an election held within the District on May 5, 2018, voters of the District authorized a total of \$43,430,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities, all of which remains authorized but unissued, and could authorize additional amounts.

Issuance of bonds for recreational facilities could dilute the investment security for the Bonds.

Abolishment

Under Texas law, the District may be abolished and dissolved by the City without the District's consent. Pursuant to the Utility Services Agreement, the City has agreed that the District shall not be abolished until such time as the District is fully developed and has reimbursed developers within the District in accordance with the financing and reimbursement agreements previously entered into by the District. If the District is abolished, the City will assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days thereafter. Prior to abolishment and dissolution by the City, the District shall have the opportunity to discharge any obligations of the District by selling its bonds or by causing the City to sell bonds of the City in an amount necessary to discharge such obligations. Abolishment of the District by the City is a policymaking matter within the discretion of the Mayor and the City Council of the City, and, therefore, the District makes no representation that abolishment will or will not occur. Moreover, no representation is made concerning the ability of the City to make debt service payments should abolishment occur. See “UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT.”

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Certain traditional legal remedies may also not be available. See “RISK FACTORS—Registered Owners’ Remedies.”

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by 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. The foregoing obligations may be in book entry form and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, (“DTC”) while the Bonds are registered in its nominee 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 and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor take any responsibility for the accuracy or completeness thereof.

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT

The City has entered into a Utility Services Agreement with the District, dated as of February 7, 2018, as subsequently amended (the “Utility Services Agreement”). Pursuant to the Utility Services Agreement, the District has agreed to construct, at its sole expense, a water, wastewater and drainage system to serve the District and to convey the water, wastewater and drainage facilities to the City for ownership, operation and maintenance at the City’s expense. The City shall bill and collect for services from the District’s customers and all revenues shall be the property of the City. The City has agreed to provide the District with its ultimate requirements for water supply and distribution and wastewater treatment and collection upon payment of connection charges by the District to the City for connection to the City’s system (“Connection Charges”). Such Connection Charges may be amended by the City from time to time and at any time, subject to certain limitations imposed by state law. Furthermore, the City has agreed to make an annual payment to the District from the City’s annual ad valorem tax revenue actually collected and received by the City from the taxpayers within the District (the “Annual Payment”). On August 22, 2022, the District and the City entered into the First Amendment to the Utility Services Agreement, which provides that any additional land annexed into the District after the effective date of the original Utility Services Agreement will not receive a tax rebate. Prior to the sale of any bonds, the Annual Payments received by the District were deposited in the Operating Fund and used for any lawful purpose. Annual Payments received after the sale of bonds by the District shall be deposited into the debt service fund of the District, and used, along with any interest thereon, solely for the purpose of paying a portion of the principal and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from ad valorem taxes. The Utility Agreement does not require the District to pledge the Annual Payment for payment of debt service on the District’s bonds. See “THE BONDS—Source and Security for Payment.” The Annual Payment for each year shall be payable each May 1 and equal to \$0.10 per \$100 of taxable assessed valuation of the approximately 371 acres located in the original boundary of the District (excludes approximately 129 acres annexed into the District after the creation of the District), based upon such acreage’s certified taxable assessed for the prior year and exemptions from taxation granted by the City. The Annual Payment for fiscal year ended September 30, 2026 (based upon tax year 2025) was \$64,504. See “GENERAL FUND OPERATIONS.” The Annual Payment shall be incrementally reduced upon the occurrence of each of the following: (1) all developers within the District have been fully reimbursed, with interest, in accordance with the rules of the Commission and any utility development agreements; (2) the District has completely financed and constructed all of the water, wastewater, drainage and certain recreational facilities to serve the District; and (3) the District levies a debt service tax at a rate that is \$0.80 per \$100 of taxable assessed valuation or lower. Any reduction in the amount of the Annual Payment would have an effect on the District’s rate of taxation. In addition to the Annual Payment, the City shall make a payment each month to the District (“Monthly Revenue Payment”) equal to \$5.00 per equivalent single-family connection located within the District. The City has further agreed to not abolish the District until such time as the District is fully developed and all developers within the District have been reimbursed in accordance with the utility development agreements previously entered into by the District. See “RISK FACTORS— Annual Payment from the City,” “THE BONDS—Abolishment” and “GENERAL FUND OPERATIONS.”

THE DISTRICT

General

The District is a municipal utility district created by Act of the 85th Texas Legislature (House Bill No. 1962, Regular Session, dated May 18, 2017 (codified as Chapter 7970, Texas Special District Local Laws Code)), under Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the corporate limits of the City, is subject to the continuing supervisory jurisdiction of the Commission. The District originally contained approximately 371 acres and subsequently annexed approximately 129 acres. The District currently contains approximately 500 acres of land.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the City, the Commission and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance roads and recreational facilities. See “THE BONDS—Issuance of Additional Debt,” “—Financing Road Facilities” and “—Financing Recreational Facilities.”

The District is required to observe certain requirements of the City which provide that the District may sell bonds, including refunding bonds, for any purposes authorized by law, including but not limited to the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road, recreational and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of District construction plans. The District is also required to obtain certain City approvals prior to acquiring, constructing and financing recreational facilities and fire-fighting facilities, as well as voter approval of the issuance of bonds for said purpose.

Description and Location

The District is located in Brazoria County within the corporate limits of the City, approximately 16 miles south of downtown Houston. The District is bordered on the north by Old Massey Ranch Road, and is located approximately four miles west of Texas State Highway 35, approximately four miles east of Texas State Highway 288 and approximately four miles north of Texas State Highway 6. The District is located within the boundaries of Alvin Independent School District. See “AERIAL PHOTO.”

Land Use

The following table has been provided by the Engineer and represents the current land use within the District.

	Approximate Acres	Lots
<i><u>Single-Family Residential</u></i>		
<i>Massey Oaks</i>		
Section 1.....	28	91
Section 2.....	34	66
Section 3.....	15	61
Section 4.....	18	69
Section 5.....	18	82
Subtotal.....	113	369
<i>Massey Oaks Village</i>		
Section 1.....	29	73
Section 2.....	11	61
Subtotal.....	40	134
<i>Arcadian Estates</i>		
Section 1 (a).....	19	68
Section 2 (a).....	7	32
Subtotal.....	26	100
<i>Total Single-Family Residential</i>	179	603
<i>Future Development</i>	221	---
<i>Undevelopable (b)</i>	100	---
	500	603

(a) Utilities and paving are under construction and expected to be completed by the fourth quarter of 2026.

(b) Consists of street easements, drainage detention, parks, power easements, pipeline easements and drill sites.

Status of Development

Current single-family residential development in the District consists of Massey Oaks, Sections One through Five (369 single-family residential lots on approximately 113 acres) and Massey Oaks Village, Sections One and Two (134 single-family residential lots on approximately 40 acres). As of July 1, 2026, 302 homes were completed (292 occupied), 85 homes were under construction or in the name of a homebuilder and 116 vacant developed lots were available for home construction. In addition, 100 single-family residential lots are under construction on approximately 26 acres in Arcadian Estates, Sections One and Two, and are expected to be completed by the fourth quarter of 2026.

Homebuilding

Meritage and CastleRock Communities are building homes in Massey Oaks with an average sales price of \$528,000 and \$450,000, respectively. Meritage is building homes in Massey Oaks Village with an average sale price of \$344,000. Pursuant to separate agreements made with the District, Meritage and CastleRock Communities are eligible to be reimbursed by the District for the Connection Charges paid to the City in connection with homes they respectively construct in Massey Oaks, Sections One through Five.

Undeveloped Acreage

The District also includes approximately 221 developable acres that remain to be developed, and approximately 100 acres that are undevelopable (street easements, drainage detention, parks, power easements, pipeline easements and drill sites).

Future Development

Approximately 221 developable acres of land in the District are not yet fully served with water, wastewater, storm drainage and paving facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances when or if any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fund water, wastewater, drainage, road and recreational facilities within the District necessary to serve the land at full development. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds (\$238,700,000 principal amount collectively for water, wastewater, and drainage, road and recreational facilities after issuance of the Bonds) should be sufficient to finance the construction of facilities to complete the District's water, wastewater, drainage and road facilities for full development of the District. See "RISK FACTORS—Future Debt" and "THE BONDS—Issuance of Additional Debt."

THE DEVELOPERS AND MAJOR LANDOWNER

In general, the activities of a landowner or developer in a municipal utility district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is generally required by the Commission to advance funds to pave streets (in areas where District facilities are being financed with bonds) and finance the construction of the water, wastewater and storm drainage facilities, such advances to be reimbursed (except for paving costs) from the sale of District bonds to the extent allowed by the Commission, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Meritage Homes of Texas LLC

Meritage Homes of Texas LLC, an Arizona limited liability company ("Meritage") has developed 134 single-family residential lots on approximately 40 acres in Massey Oaks Village, Sections One and Two and does not own any additional developable but undeveloped land in the District. Meritage is the sole homebuilder in Massey Oaks Village.

Meritage is a wholly-owned subsidiary of Meritage Homes Corporation, a Maryland corporation and publicly traded company whose common stock is listed on the New York Stock Exchange under the ticker symbol "MTH." Meritage Homes Corporation files annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document Meritage Homes Corporation has filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1- 800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, Meritage makes available on its web site <https://www.meritagehomes.com/> its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. Unless otherwise specified, information contained on Meritage's website, available by hyperlink from Meritage's web site or on the SEC's web site, is not incorporated into this Official Statement.

Beazer Homes Texas, L.P.

Beazer Homes Texas, LP, a Delaware limited partnership (“Beazer Homes”), is currently developing 100 single-family residential lots on approximately 26 acres in Arcadian Estates, Sections One and Two, and completion is expected by the fourth quarter of 2026. Beazer Homes continues to own approximately 18 acres of developable but undeveloped land in the District.

The General Partner of Beazer Homes is Beazer Homes Texas Holdings, Inc., a Delaware corporation (“Beazer Holdings”), the stock of which is owned by Beazer Homes, USA, Inc. (“Beazer USA”), which is traded on the New York Stock Exchange under the ticker symbol “BZH.”

Beazer USA files annual, quarterly and current reports, proxy statements and other information with the SEC. Beazer USA filings are available to the public over the internet at the SEC’s website at <http://www.sec.gov>. You may also read and copy any document that Beazer USA has filed with the SEC at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, Beazer USA makes available on its web sites <http://www.beazer.com> its annual reports on form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on Beazer USA’s web site, available by hyperlink from Beazer USA’s web site or on the SEC’s web site, is not incorporated into this Official Statement. The District has not obtained any representations from Beazer USA concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

Meritage and Beazer Homes are referred to herein as the “Developers.”

Massey Oaks Development, LP and TC Massey Oaks FC LP

The initial developer of Massey Oaks, Sections One through Five was Massey Oaks Development, LP, a Texas limited partnership (“Massey Oaks Development”). Massey Oaks Development was formed to acquire and develop approximately 371 acres of undeveloped land within the District. Massey Oaks Development completed the development of 369 single-family residential lots on approximately 113 acres in Massey Oaks, Sections One through Five and subsequently sold such developed lots to Meritage and CastleRock Communities for homebuilding. On November 4, 2025, TC Massey Oaks FC LP, a Delaware limited partnership (“TC Massey Oaks FC”), foreclosed upon the remaining approximately 178 acres of undeveloped land in the District owned by Massey Oaks Development. TC Massey Oaks FC continues to own such approximately 178 acres of undeveloped land.

MANAGEMENT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms in May of even numbered years only. The Board members own land within the District, subject to a note and deed of trust in favor of the Developers. The current members and officers of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Philip Lami	President	May 2030
George Fishman	Vice President	May 2028
Steve Ryan	Secretary	May 2030
John Bennett	Assistant Secretary	May 2030
Vacant	Assistant Secretary	May 2028

The District has no full-time employees but instead contracts with the entities described below for professional services:

Tax Assessor/Collector

Land and improvements in the District are being appraised for taxation by the Brazoria Central Appraisal District. The District contracts with Assessments of the Southwest, Inc. to act as Tax Assessor/Collector for the District.

System Operator

The operator of the water and wastewater system serving the District is the City of Pearland. See “UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT.”

Bookkeeper

The District contracts with Municipal Accounts & Consulting, L.P. for bookkeeping services for the District (the “Bookkeeper”).

Engineer

The District’s consulting engineer is R.G. Miller Engineers, Inc. (the “Engineer”).

Auditor

The financial statements of the District as of September 30, 2025, and for the year then ended, included in this offering document, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See “APPENDIX A.”

Bond Counsel and General Counsel

Schwartz, Page & Harding, L.L.P. (“Bond Counsel”) serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor

Masterson Advisors LLC (the “Financial Advisor”) serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon the sale and delivery of the Bonds.

Disclosure Counsel

McCall, Parkhurst & Horton L.L.P. (“Disclosure Counsel”) has been engaged by the District to serve as disclosure counsel. Fees for services rendered by Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

THE SYSTEM

Regulation

Construction and operation of the water, wastewater and storm drainage system serving the District (the “System”) as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Construction of water, wastewater and storm drainage facilities is subject to the regulatory authority of the District, the City, Brazoria Drainage District No. 4, and Brazoria County. The TCEQ also exercises regulatory jurisdiction over portions of the System.

Water Supply and Wastewater Treatment

Water supply and wastewater treatment for the District is provided by the City pursuant to the Utility Services Agreement. See “UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT.” The Developers and certain homebuilders, on behalf of the District, have paid connection charges to the City, and the City has allocated water supply and wastewater capacity in an amount adequate to serve existing and proposed development in the District based on current land plan projections. A portion of the proceeds from the Outstanding Bonds were used to pay connection charges to the City for water and wastewater capital recovery costs. In the event that the City’s facilities do not have sufficient capacity to serve the District, the City has agreed to make any necessary improvements to provide such capacity at no cost to the District.

Water supply and wastewater treatment for the District is provided by the City, and all revenues from the collection of charges for water and sewer services are paid directly to the City. See “GENERAL FUND OPERATIONS.”

Water Distribution, Wastewater Collection and Storm Drainage Facilities

The District has constructed water distribution, wastewater collection, storm drainage and paving facilities to serve 503 single-family residential lots on approximately 153 acres. Additionally, 100 single-family residential lots are under construction on approximately 26 acres and expected to be completed by the fourth quarter of 2026. See “THE DISTRICT—Land Use.”

100-Year Flood Plain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, no areas within the District are located within the 100-year flood plain. See “RISK FACTORS—Extreme Weather Events.”

Joint Facilities Agreement

The District has entered into that certain Joint Facilities Agreement (the ‘Joint Facilities Agreement’) with Harris-Brazoria Counties Municipal Utility District No. 509 (“MUD 509”), Meritage Homes of Texas, LLC, and Beazer Homes Texas, L.P. dated January 31, 2025, to provide for the joint financing and construction of certain shared water and sanitary sewer facilities to serve land within the District and MUD 509. The District, or Beazer Homes Texas, LP on behalf of the District, is required to fund the District's Pro-Rata Share (as defined in the Joint Facilities Agreement) of the joint lift station, water line, and force main to be constructed by the District. MUD 509, or Meritage Homes of Texas, LLC, is required to fund MUD 509's Pro-Rata Share of such joint facilities. Following completion, the joint facilities will be conveyed to the City for operation and maintenance in accordance with the terms of the Utility Services Agreement. See “UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT.”

THE ROAD SYSTEM

A portion of the proceeds from the Bonds will be used to finance the road system (the “Roads”) which serves the residents of the District by providing roads and thoroughfares within the District and the surrounding area. See “USE AND DISTRIBUTION OF BOND PROCEEDS.” Upon completion, the District intends that the Roads are or will be accepted by Brazoria County for operation and maintenance in accordance with the procedures of Brazoria County.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below are based upon either contract amounts or estimates of various costs by R.G. Miller Engineers, Inc. (the “Engineer”) and Masterson Advisors LLC (the “Financial Advisor”). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus road construction funds may be used.

CONSTRUCTION RELATED COSTS

Construction Costs	\$ 2,252,409
Engineering	529,011
Total Construction Related Costs	\$ 2,781,420

NON-CONSTRUCTION COSTS

Underwriter's Discount (Estimated at 3.00%)	\$ 110,550
Capitalized Interest (18 months estimated at 5.00%)(a)	276,375
Developer Interest	282,407
Total Nonconstruction Costs	\$ 669,332

ISSUANCE COSTS AND FEES

Issuance Costs and Professional Fees	\$ 220,563
Bond Engineering Fee	10,000
State Regulatory Fees	3,685
Total Issuance Costs and Fees	\$ 234,248

TOTAL BOND ISSUE	\$ 3,685,000
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(a) The District will capitalize the lesser of \$276,375 or eighteen (18) months of interest on the Bonds.

GENERAL FUND OPERATIONS

General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The System is owned and operated by the City and no water and/or wastewater revenue is received by the District nor is the District responsible for operation, repair or maintenance of the System.

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the fiscal years ended September 30, 2023 through 2025 and an unaudited summary for the nine-month period ended June 30, 2026, provided by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information

		Fiscal Year Ended September 30		
	10/1/2025 to 6/30/2026 (a)	2025	2024	2023
Revenues				
Property Taxes	\$ 565,000	\$ 567,735	\$ 98,537	\$ 21,169
Penalties and Interest	-	7,784	2,263	-
City of Pearland Rebates (b)	95,159	53,591	7,230	2,351
Miscellaneous	-	6,479	737	152
Investment Earnings	23,974	28,665	185	-
Total Revenues	<u>\$ 684,133</u>	<u>\$ 664,254</u>	<u>\$ 108,952</u>	<u>\$ 23,672</u>
Expenditures				
Professional Fees	\$ 193,913	\$ 213,906	\$ 75,603	\$ 118,042
Contracted Services	68,333	49,759	28,190	25,477
Administrative	20,917	45,368	17,041	15,239
Other	1,100	1,755	5,841	9,617
Total Expenditures	<u>\$ 284,264</u>	<u>\$ 310,788</u>	<u>\$ 126,675</u>	<u>\$ 168,375</u>
Revenues Over (Under) Expenditures	<u>\$ 399,869</u>	<u>\$ 353,466</u>	<u>\$ (17,723)</u>	<u>\$ (144,703)</u>
Other Sources (Uses)				
Developer Advances	<u>\$ -</u>	<u>\$ 167,128</u>	<u>\$ 10,000</u>	<u>\$ 30,000</u>
Fund Balance (Beginning of Year)	<u>\$ 392,672</u>	<u>\$ (127,922)</u>	<u>\$ (120,199)</u>	<u>\$ (5,496)</u>
Fund Balance (End of Year)	<u>\$ 792,541</u>	<u>\$ 392,672</u>	<u>\$ (127,922)</u>	<u>\$ (120,199)</u>

(b) Unaudited. Provided by the Bookkeeper.

(c) Represents the Annual Payments received from the City. Due to an administrative oversight by the City, the City paid the Monthly Revenue Payments to the District for fiscal years ended September 30, 2023 to 2025 on December 4, 2025, therefore such Monthly Revenue Payments are not reflected on the summary of the District's audited financial statements shown above. See "RISK FACTORS—Annual Payment from the City" and "UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT."

FINANCIAL STATEMENT (UNAUDITED)

2026 Taxable Assessed Valuation	\$113,600,677	(a)
Gross Direct Debt Outstanding (the Outstanding Bonds and the Bonds)	\$10,660,000	(b)
Estimated Overlapping Debt.....	7,230,878	(c)
Total Gross Direct Debt and Estimated Overlapping Debt.....	\$17,890,878	
Ratio of Gross Direct Debt to:		
2026 Taxable Assessed Valuation.....	9.38%	
Ratio of Gross Direct and Estimated Overlapping Debt to:		
2026 Taxable Assessed Valuation.....	15.75%	
Operating Funds Available as of June 4, 2026	\$898,014	(d)
Capital Projects Fund as of June 4, 2026.....	\$523,322	
Debt Service Funds Available:		
Water, Wastewater and Drainage Debt Service Fund Balance as of June 4, 2026.....	\$ 652,124	(e)
Capitalized Interest from Bond Proceeds (Eighteen (18) Months) (Road).....	276,375	(e)(f)
Total Funds Available for Debt Service.....	\$ 928,499	(g)

Estimated 2026 Population – 1,022 (h)

- (a) The Appraisal District has certified \$106,965,355 of taxable value and an additional \$6,635,322 of taxable value remains uncertified. The uncertified value represents the owners' opinion; however, such value is subject to change and downward revision prior to certification. The 2026 Taxable Assessed Valuation shown throughout this Official Statement is the certified value plus the uncertified value. See "TAX PROCEDURES."
- (b) After the issuance of the Bonds, includes the Outstanding Bonds. See "FINANCIAL STATEMENT (UNAUDITED) - Outstanding Bonds"
- (c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
- (d) Includes approximately \$61,380 of funds deposited by the Developers to fund ongoing construction projects. See "FINANCIAL STATEMENT (UNAUDITED)."
- (e) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to the bonds sold for water, wastewater and drainage facilities (the "WSD Bonds"), and a portion will be allocated to the bonds sold for road facilities (the "Road Bonds"), including the Bonds. See "THE BONDS—Funds" and "DEBT SERVICE REQUIREMENTS." Neither the Bond Order nor Texas law requires that the District maintain any particular balance in such fund.
- (f) The District will capitalize the lesser of \$276,375 or eighteen (18) months of interest from Bond proceeds. The amount above is estimated at 5.00%. See "DEBT SERVICE REQUIREMENTS."
- (g) The City has agreed to make an annual payment from the City's annual ad valorem tax revenue actually collected and received by the City from the taxpayers within the District (the "Annual Payment"). Prior to the sale of any bonds, the Annual Payments received by the District were deposited in the Operating Fund and used for any lawful purpose. Upon the issuance of bonds by the District, Annual Payments received by the District from the City shall be deposited by the District into the Debt Service Fund, and used, along with any interest thereon, solely for the purpose of paying a portion of the principal and interest on the District's outstanding indebtedness. The Annual Payment for each year shall be payable each May 1 and equal to \$0.10 per \$100 of taxable assessed valuation of the land located in the District's original boundary of approximately 371 acres (excludes approximately 129 acres annexed into the District after the creation of the District). For fiscal year 2026, the District received an Annual Payment of \$64,504. See "RISK FACTORS—Annual Payment from the City" "THE BONDS—Source and Security for Payment," "UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT" and "GENERAL FUND OPERATIONS."
- (h) Based upon 3.5 persons per occupied single-family residence.

District Investment Policy

The policy of the District is to invest District funds only in instruments which further the following investment objectives of the District stated in order of importance: (1) preservation and safety of principal; (2) liquidity; and (3) yield. The District does not currently own, nor does it anticipate the inclusion of, long term securities or derivative products in the District portfolio.

Outstanding Bonds

The District issued has issued one series of unlimited tax bonds for acquiring or constructing water, wastewater and drainage facilities in the amount of \$6,975,000, all of which remains outstanding as of the date hereof (the "Outstanding Bonds").

ESTIMATED OVERLAPPING DEBT STATEMENT

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas or other publicly available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. 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 for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Brazoria County.....	\$ 209,453,313	5/31/2026	0.11%	\$ 230,399
City of Pearland.....	651,445,000	5/31/2026	0.36%	2,345,202
Alvin ISD.....	1,002,700,000	5/31/2026	0.45%	4,512,150
Alvin Community College District.....	46,170,000	5/31/2026	0.31%	143,127
Total Estimated Overlapping Debt.....				\$ 7,230,878
Direct Debt.....	10,660,000 (a)	Current	100.00%	10,660,000
Total Direct and Estimated Overlapping Debt.....				\$ 17,890,878

Ratio of Direct and Estimated Overlapping Debt to
2026 Taxable Assessed Valuation..... 15.75%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

	2025 Tax Rate per \$100 of Taxable Assessed Valuation
Brazoria County (a).....	\$ 0.304758
City of Pearland (b).....	0.630000
Alvin ISD.....	1.150000
Brazoria County Drainage District No. 4.....	0.113276
Alvin Community College District.....	0.156543
Total Overlapping Tax Rate.....	\$ 2.354577
The District (c).....	\$ 0.900000
Total Tax Rate.....	\$ 3.254577

(a) Includes 2025 tax rate for the Road and Bridge Fund.

(b) See "RISK FACTORS—Annual Payment from the City" and "UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT"

(c) See "TAX DATA—Tax Rate Distribution."

TAX DATA

Debt Service Tax

The Board will covenant in the Bond Order to levy and assess, for each year that all or any part of the Bonds and the Outstanding Bonds remain outstanding and unpaid, a tax which, when added to other funds legally available to the District for payment of outstanding debt obligations, is adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Bonds. The District expects to levy its initial debt service tax in 2026. See “THE BONDS—Authority for Issuance.”

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District’s improvements, if such maintenance tax is authorized by a vote of the District’s electors. On May 9, 2015, voters in the District authorized the Board to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any additional unlimited tax bonds which may be issued in the future. The District levied a maintenance tax for 2025 in the amount of \$0.90 per \$100 assessed valuation.

Tax Rate Distribution

	2025 (a)	2024	2023	2022 (b)
Debt Service	\$ -	\$ -	\$ -	\$ -
Maintenance and Operations	0.90	0.90	0.90	0.90
Total	\$ 0.90	\$ 0.90	\$ 0.90	\$ 0.90

(a) The District expects to levy its initial debt service tax in 2026.

(b) The District’s initial year of taxation.

Tax Rate Limitations

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

Maintenance: \$1.50 per \$100 Assessed Valuation

Tax Collections

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

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of June 30, 2026 (a)	
				Amount	Percent
2022	\$ 2,352,120	\$ 0.90	\$ 21,169	\$ 21,169	100.00%
2023	13,339,937	0.90	120,059	120,059	100.00%
2024	61,577,090	0.90	554,194	553,903	99.95%
2025	68,384,591	0.90	615,461	609,009	98.95%

(a) Unaudited.

Taxes are due upon receipt of bill therefor and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. No split payments are allowed and no discounts are allowed.

Summary of Assessed Valuation

The following breakdown of the 2022 through 2026 Taxable Assessed Valuation has been provided by the District's Tax Assessor/Collector based on information contained in the 2022 through 2026 Taxable Assessed Valuations. An accurate breakdown related to the uncertified portion of the 2026 Taxable Assessed Valuation is not available from the Appraisal District as of the date hereof. Taxes are levied on taxable value certified by the Appraisal District as of January 1 each year. Differences in values from other information herein are due to differences in dates of information provided.

	2026	2025	2024	2023	2022
Land	\$ 30,915,376	\$ 24,567,598	\$ 21,520,270	\$ 11,274,507	\$ 1,928,560
Improvements	87,402,101	54,497,110	44,793,539	2,070,780	500,710
Personal Property	245,020	205,000	206,520	198,540	-
Exemptions	(11,597,142)	(10,885,117)	(4,943,239)	(203,890)	(77,150)
Uncertified Value	6,635,322	-	-	-	-
Total	\$ 113,600,677	\$ 68,384,591	\$ 61,577,090	\$ 13,339,937	\$ 2,352,120

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2026 tax roll which reflects ownership as of January 1, 2026, as shown on the certified portion (\$106,965,355) of the 2026 Taxable Assessed Valuation of \$113,600,677. An accurate principal taxpayer list related to the uncertified portion (\$6,635,222) of the 2026 Taxable Assessed Valuation is not available from the Appraisal District as of the date hereof.

Taxpayer	2026 Certified Taxable Assessed Valuation	% of 2026 Certified Taxable Assessed Valuation
Meritage Homes of Texas LLC (a)(b)	\$ 5,641,776	5.27%
TC Massey Oaks FC LP	4,454,650	4.16%
CastleRock Communities LLC (b)	2,325,415	2.17%
KL LB BUY 4 LLC	1,528,660	1.43%
Individual	594,790	0.56%
Individual	584,090	0.55%
Individual	582,970	0.55%
Individual	544,530	0.51%
Individual	543,880	0.51%
Individual	537,496	0.50%
Total	\$ 17,338,257	16.21%

(a) See "THE DEVELOPERS AND MAJOR LANDOWNER."

(b) See "THE DISTRICT—Homebuilding."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds and the Outstanding Bonds if no growth in the District's tax base occurred beyond the 2026 Taxable Assessed Valuation of \$113,600,677 (\$106,965,355 of certified value plus \$6,635,322 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no Annual Payments, pursuant to the Utility Services Agreement, for payment of debt service. See "RISK FACTORS—Annual Payment from the City," "—Impact on District Tax Rates," "UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT," "DEBT SERVICE REQUIREMENTS."

Average Annual Debt Service Requirement (2027-2054)	\$656,827
\$0.61 Tax Rate on 2026 Taxable Assessed Valuation.....	\$658,316
Maximum Annual Debt Service Requirement (2034)	\$727,825
\$0.68 Tax Rate on 2026 Taxable Assessed Valuation.....	\$733,860

No representation or suggestion is made that the uncertified portion of the 2026 Taxable Assessed Valuation for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or its inclusion herein as assurance of their attainment. See "TAX PROCEDURES."

TAX PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Brazoria Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Brazoria County, including the District. Such appraisal values are subject to review and change by the Brazoria County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Brazoria County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: 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; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2026 tax year, the District has not granted any such exemptions. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage

of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action, or (ii) fatally injured in the line of duty, is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has not exercised its option to tax goods-in-transit personal property but may choose to do so in the future.

General Residential Homestead Exemption

Texas law 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. The law provides, however, that 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. For the 2026 tax year, the District has not granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

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

District and Taxpayer Remedies

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

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

Agricultural, Open Space, Timberland and Inventory Deferment

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

Tax Abatement

The City and Brazoria County may designate all or part of the District as a reinvestment zone, and the District, Brazoria County, and (if it were to annex the area) the City may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

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

entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

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

Low Tax Rate Districts: Low Tax Rate Districts 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 in the district, 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 Low Tax Rate District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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 in the district, subject to certain homestead exemptions, 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Developing Districts: Districts that do not meet the classification of a Low Tax Rate District 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District: A determination as to a district’s status as a Low Tax Rate District, Developed District or Developing District will be made by the Board on an annual basis. The District has been designated as a Developing District for the 2026 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District’s future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See “ESTIMATED OVERLAPPING DEBT STATEMENT.” 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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

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

DEBT SERVICE REQUIREMENTS

The following sets forth the actual debt service on the Outstanding Bonds and the estimated debt service requirements for the Bonds at an assumed interest rate of 5.00%. This schedule does not reflect that the District capitalized twenty-four (24) months of interest from proceeds of the Outstanding Bonds in April 2026 and that an amount equal to the lesser of \$276,375 or eighteen (18) months of interest will be capitalized from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	\$ 183,426	\$ -	\$ -	\$ -	\$ 183,426.01
2027	484,925	-	210,863.89	210,863.89	695,788.89
2028	474,200	65,000	182,625.00	247,625.00	721,825.00
2029	463,475	65,000	179,375.00	244,375.00	707,850.00
2030	452,750	80,000	175,750.00	255,750.00	708,500.00
2031	475,888	80,000	171,750.00	251,750.00	727,637.50
2032	462,888	95,000	167,375.00	262,375.00	725,262.50
2033	449,888	110,000	162,250.00	272,250.00	722,137.50
2034	461,075	110,000	156,750.00	266,750.00	727,825.00
2035	446,450	120,000	151,000.00	271,000.00	717,450.00
2036	439,538	125,000	144,875.00	269,875.00	709,412.50
2037	430,338	130,000	138,500.00	268,500.00	698,837.50
2038	421,138	135,000	131,875.00	266,875.00	688,012.50
2039	411,938	140,000	125,000.00	265,000.00	676,937.50
2040	402,738	145,000	117,875.00	262,875.00	665,612.50
2041	393,538	150,000	110,500.00	260,500.00	654,037.50
2042	403,938	150,000	103,000.00	253,000.00	656,937.50
2043	403,738	150,000	95,500.00	245,500.00	649,237.50
2044	398,238	150,000	88,000.00	238,000.00	636,237.50
2045	402,338	155,000	80,375.00	235,375.00	637,712.50
2046	390,963	155,000	72,625.00	227,625.00	618,587.50
2047	379,413	170,000	64,500.00	234,500.00	613,912.50
2048	382,553	170,000	56,000.00	226,000.00	608,553.13
2049	370,384	170,000	47,500.00	217,500.00	587,884.38
2050	363,113	170,000	39,000.00	209,000.00	572,112.50
2051	365,428	170,000	30,500.00	200,500.00	565,928.13
2052	372,022	175,000	21,875.00	196,875.00	568,896.88
2053	377,791	175,000	13,125.00	188,125.00	565,915.63
2054	382,734	175,000	4,375.00	179,375.00	562,109.38
Total	\$ 11,846,839	\$ 3,685,000	\$3,042,738.89	\$ 6,727,738.89	\$18,574,577.40

Maximum Annual Debt Service Requirement (2034) \$727,825
Average Annual Debt Service Requirements (2027-2054) \$656,827

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See “Tax Exemption” below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections “THE BONDS,” “UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT,” “THE DISTRICT—General” “MANAGEMENT—Bond Counsel and General Counsel,” “TAX PROCEDURES,” and “LEGAL MATTERS” solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

Tax Exemption

On the date of initial delivery of the 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 Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof, and (2) the 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 Internal Revenue Code of 1986, as amended (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the 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 Bonds to become taxable retroactively to the date of issuance.

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, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

Not Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District will NOT designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

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 Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, 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 individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the 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 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.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the "Original Issue Discount Bonds"). 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 constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the 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, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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 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 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 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 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.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction.

The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

NO MATERIAL ADVERSE CHANGE

The obligations of the Initial Purchaser to take and pay for the Bonds, and the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition 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 the sale.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the Date of Delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made.

Applications have been made to various municipal bond insurance companies for qualifications of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser at the Initial Purchaser's expense. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

SALE AND DISTRIBUTION OF THE BONDS

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was rendered by _____ (the "Initial Purchaser") bearing the interest rates shown on the cover page of this Official Statement, at a price of _____% of the principal amount thereof, which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204, Texas Government Code (the "IBA" method).

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

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

"THE DISTRICT"—R.G. Miller Engineers, Inc.; "THE DEVELOPERS AND MAJOR LANDOWNER"—Meritage, Beazer Homes, and TC Massey Oaks FC, "TAX PROCEDURES"—Assessments of the Southwest, Inc. and Schwartz, Page & Harding, L.L.P.; "THE SYSTEM"—R.G. Miller Engineers, Inc.; "THE BONDS," "UTILITY SERVICES AGREEMENT BETWEEN THE CITY AND THE DISTRICT," "LEGAL MATTERS"—Schwartz, Page & Harding, L.L.P.; "FINANCIAL STATEMENT (UNAUDITED)" and "TAX DATA"—Brazoria Central Appraisal District, Assessments of the Southwest, Inc. and the Municipal Advisory Council of Texas.

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

Consultants

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

Engineer: The information contained in this Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM" (as it relates to District facilities) has been provided by R.G. Miller Engineers, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

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

Auditor: The financial statements of the District as of September 30, 2025 and for the year then ended, included in this offering document, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "GENERAL FUND OPERATIONS" has been provided by Municipal Accounts & Consulting, L.P., and is included herein in reliance upon the authority of such firm as an expert in tracking and managing the various funds of municipal utility districts.

UPDATING OF OFFICIAL STATEMENT

For the period beginning on the date of the award of the sale of the Bonds to the Initial Purchaser and ending on the ninety-first (91st) day after the “end of the underwriting period,” (as defined in Rule 15c(2)-12(f)(2) of the United States Securities and Exchange Commission (the “SEC”)), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Initial Purchaser of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

CERTIFICATION OF OFFICIAL STATEMENT

The District, acting through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings “THE SYSTEM,” “GENERAL FUND OPERATIONS,” “DEBT SERVICE REQUIREMENTS,” “TAX DATA—Tax Rate Distribution, —Tax Collections, —Summary of Assessed Valuation, —Principal Taxpayers, and —Tax Adequacy for Debt Service,” (most of which information is contained in the District’s annual audited financial statements) and “APPENDIX A—Independent Auditor’s Report and Financial Statements of the District for the Year Ended September 30, 2025.” The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2026.

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

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

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (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 to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms “financial obligation” and “material” when used in this paragraph shall have the meaning ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. Investors can access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as changed circumstances, and either the Holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid but in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

Since the District's first issuance of bonds in 2026, the District has complied in all material respects with its prior continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 69, as of the date shown on the cover page.

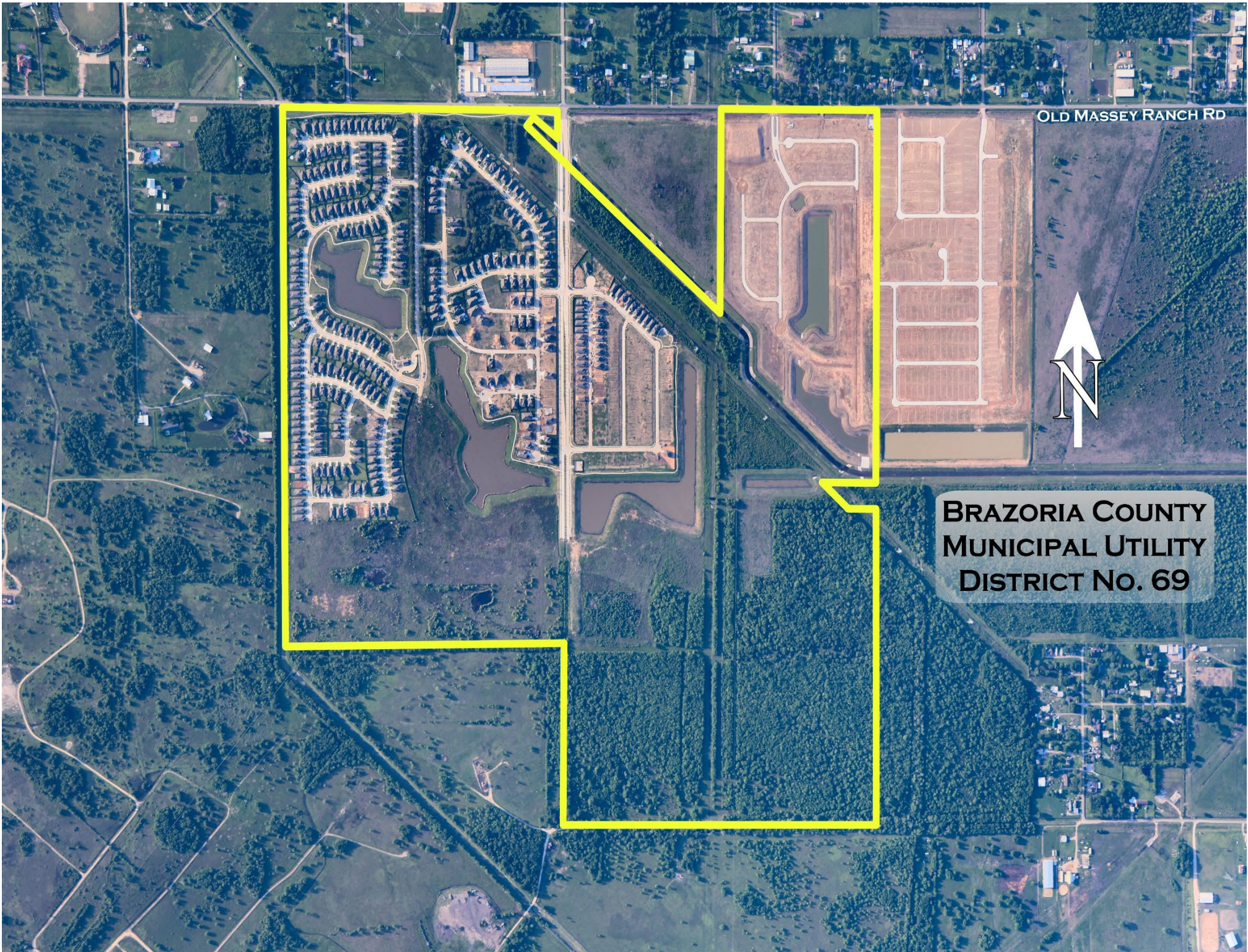
/s/ _____
President, Board of Directors
Brazoria County Municipal Utility District No. 69

ATTEST:

/s/ _____
Secretary, Board of Directors
Brazoria County Municipal Utility District No. 69

AERIAL PHOTO

(Approximate boundaries as of June 2026)



OLD MASSEY RANCH RD



**BRAZORIA COUNTY
MUNICIPAL UTILITY
DISTRICT No. 69**

PHOTOGRAPHS

The following photographs were taken in the District in June 2026 solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if additional improvements will be constructed in the future.













APPENDIX A

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

The information contained in this appendix includes the Independent Auditor's Report and Financial Statements of Brazoria County Municipal Utility District No. 69 and certain supplemental information for the fiscal year ended September 30, 2025.

**BRAZORIA COUNTY MUNICIPAL
UTILITY DISTRICT NO. 69**

BRAZORIA COUNTY, TEXAS

FINANCIAL REPORT

September 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

Brazoria County Municipal Utility District No. 69

Brazoria County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of Brazoria County Municipal Utility District No. 69 (the "District"), as of and for the year ended September 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 General Fund of Brazoria County Municipal Utility District No. 69, as of September 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
Brazoria County Municipal Utility District No. 69
Brazoria 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.

McGuath & Co, P.C.

Houston, Texas
February 5, 2026

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Management's Discussion and Analysis

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***Brazoria County Municipal Utility District No. 69
Management's Discussion and Analysis
September 30, 2025***

Using this Annual Report

This section of the financial report of Brazoria County Municipal Utility District No. 69 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 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.

Brazoria County Municipal Utility District No. 69
Management's Discussion and Analysis
September 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 Fund Balance Sheet* and the *Governmental Fund Revenues, Expenditures and Changes in Fund Balance*. 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 September 30, 2025, was negative \$34,221,201. The District's net position is negative because the District incurs debt to construct water, sewer and drainage facilities which it conveys to the City of Pearland and the District relies on advances from its developers to fund operating costs. A comparative summary of the District's overall financial position, as of September 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 2,396,820	\$ 99,922
Current liabilities	1,974,818	202,016
Long-term liabilities	34,623,583	12,280,258
Total liabilities	36,598,401	12,482,274
Total deferred inflows of resources	19,620	
Net position		
Unrestricted	(34,221,201)	(12,382,352)
Total net position	\$ (34,221,201)	\$ (12,382,352)

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Management's Discussion and Analysis
September 30, 2025

The total net position of the District decreased during the current fiscal year by \$21,838,849. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Property taxes, penalties and interest	\$ 559,401	\$ 126,628
Other	88,735	8,152
Total revenues	<u>648,136</u>	<u>134,780</u>
Expenses		
Operating and administrative	<u>310,788</u>	<u>126,675</u>
Change in net position before other item	337,348	8,105
Other item		
Transfers to other governments	<u>(22,176,197)</u>	<u>(1,506,867)</u>
Change in net position	(21,838,849)	(1,498,762)
Net position, beginning of year	<u>(12,382,352)</u>	<u>(10,883,590)</u>
Net position, end of year	<u><u>\$ (34,221,201)</u></u>	<u><u>\$ (12,382,352)</u></u>

Financial Analysis of the District's General Fund

Fund balance in the District's General Fund, as of September 30, 2025, was \$392,672. A comparative summary of the General Fund's financial position as of September 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u><u>\$ 2,396,820</u></u>	<u><u>\$ 99,922</u></u>
Total liabilities	\$ 1,974,818	\$ 202,016
Total deferred inflows	29,330	25,828
Total fund balance	<u>392,672</u>	<u>(127,922)</u>
Total liabilities, deferred inflows and fund balance	<u><u>\$ 2,396,820</u></u>	<u><u>\$ 99,922</u></u>

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

	2025	2024
Total revenues	\$ 664,254	\$ 108,952
Total expenditures	<u>(310,788)</u>	<u>(126,675)</u>
Revenues over/(under) expenditures	353,466	(17,723)
Other changes in fund balance	167,128	10,000
Net change in fund balance	<u><u>\$ 520,594</u></u>	<u><u>\$ (7,723)</u></u>

***Brazoria County Municipal Utility District No. 69
Management's Discussion and Analysis
September 30, 2025***

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 and developer advances. 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. Property tax revenues increased from prior year because assessed values increased from prior year.
- Developers in the District advance funds to the District as needed to pay operating costs.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$173,754 greater than budgeted. The *Budgetary Comparison Schedule* on page 28 of this report provides variance information per financial statement line item.

Capital Assets

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

The District and the City of Pearland (the "City") have entered into an agreement which obligates the District to construct water, wastewater, storm drainage, detention, road and park facilities to serve the District and, with the exception of park facilities, to convey title to the facilities to the City upon completion of construction. For the year ended September 30, 2025, capital assets in the amount of \$22,176,197 have been recorded as transfers to other governments on the government-wide statements. Additional information is presented in Note 8.

Long-Term Debt and Related Liabilities

As of September 30, 2025, the District owes approximately \$34,623,583 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 4, the District has an additional commitment in the amount of \$3,870,000 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction, subject to the terms of any applicable financing agreements (see Note 4). The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

***Brazoria County Municipal Utility District No. 69
Management's Discussion and Analysis
September 30, 2025***

At September 30, 2025, the District had \$112,875,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$43,430,000 for parks and recreational facilities; \$93,055,000 for road improvements; \$156,305,000 for the refunding of bonds issued for water, sanitary sewer, drainage, and parks and recreational; and \$93,055,000 for the refunding of bonds issued for road improvements.

Property Taxes

The District's property tax base increased approximately \$6,796,000 for the 2025 tax year from \$61,589,090 to \$68,384,591. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of \$0.90 per \$100 of assessed value. This is the same rate levied for the 2024 tax year.

Next Year's Budget

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

	2025 Actual	2026 Budget
Total revenues	\$ 664,254	\$ 703,300
Total expenditures	(310,788)	(357,386)
Revenues over expenditures	353,466	345,914
Other changes in fund balance	167,128	
Net change in fund balance	520,594	345,914
Beginning fund balance	(127,922)	392,672
Ending fund balance	\$ 392,672	\$ 738,586

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Basic Financial Statements

Brazoria County Municipal Utility District No. 69
Statement of Net Position and Governmental Fund Balance Sheet
September 30, 2025

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 41,429	\$ -	\$ 41,429
Investments	2,285,895		2,285,895
Taxes receivable	9,710		9,710
City of Pearland rebate receivable	19,620		19,620
Other receivables	40,166		40,166
Total Assets	<u>\$ 2,396,820</u>		<u>2,396,820</u>
Liabilities			
Accounts payable	\$ 1,229,370		1,229,370
Other payables	203		203
Retainage payable	139,250		139,250
Due to other governments	605,995		605,995
Due to developers		34,623,583	34,623,583
Total Liabilities	<u>1,974,818</u>	<u>34,623,583</u>	<u>36,598,401</u>
Deferred Inflows of Resources			
Deferred property taxes	9,710	(9,710)	
Deferred City of Pearland rebates	<u>19,620</u>		<u>19,620</u>
Fund Balance/Net Position			
Fund Balance			
Unassigned	<u>392,672</u>	<u>(392,672)</u>	
Total Fund Balance	<u>392,672</u>	<u>(392,672)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 2,396,820</u>		
Net Position			
Unrestricted		<u>(34,221,201)</u>	<u>(34,221,201)</u>
Total Net Position		<u>\$ (34,221,201)</u>	<u>\$ (34,221,201)</u>

See notes to basic financial statements.

Brazoria County Municipal Utility District No. 69
Statement of Activities and Governmental Fund Revenues, Expenditures
and Changes in Fund Balance
For the Year Ended September 30, 2025

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 567,735	\$ (13,433)	\$ 554,302
Penalties and interest	7,784	(2,685)	5,099
City of Pearland rebates	53,591		53,591
Miscellaneous	6,479		6,479
Investment earnings	28,665		28,665
Total Revenues	<u>664,254</u>	<u>(16,118)</u>	<u>648,136</u>
Expenses			
Operating and administrative			
Professional fees	213,906		213,906
Contracted services	49,759		49,759
Administrative	45,368		45,368
Other	1,755		1,755
Total Expenses	<u>310,788</u>		<u>310,788</u>
Revenues Over Expenditures/Expenses	353,466	(16,118)	337,348
Other Financing Sources			
Developer advances	167,128	(167,128)	
Other Item			
Transfers to other governments		(22,176,197)	(22,176,197)
Net Change in Fund Balance	520,594	(520,594)	
Change in Net Position		(21,838,849)	(21,838,849)
Fund Balance/Net Position			
Beginning of the year	(127,922)	(12,254,430)	(12,382,352)
End of the year	<u>\$ 392,672</u>	<u>\$ (34,613,873)</u>	<u>\$ (34,221,201)</u>

See notes to basic financial statements.

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Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Brazoria County Municipal Utility District No. 69 (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 House Bill No. 1962 85th session of Texas legislature, Regular Session effective June 30, 2017, and under Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on February 7, 2018.

The District’s primary activities include construction of water, sewer, drainage, road, and recreational facilities. As further discussed in Note 8, the District transfers all water, sewer, and drainage facilities to the City of Pearland (the “City”) for operation and maintenance upon completion of construction. The District maintains completed drainage and detention facilities until such facilities are conveyed to the City. Additionally, all road facilities constructed by the District within the City’s corporate limits are dedicated to the City. 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

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

purpose. Each fund is considered to be a separate accounting entity. The District uses only a General Fund to account for its operations. The District's primary financial resources are property taxes and developer advances. Expenditures include costs associated with the daily operations of the District.

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 and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

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.

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.

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

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

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.

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 and City of Pearland rebates 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 does not have any nonspendable fund balances.

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 does not have any restricted fund balances.

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

Total fund balance, governmental funds	\$ 392,672
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 is for amounts due to developers.	(34,623,583)
Deferred inflows in the fund statements consist of property taxes receivable 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.	9,710
Total net position - governmental activities	<u><u>\$ (34,221,201)</u></u>

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

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

	\$ 520,594
Net change in fund balances - total governmental fund	
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the <i>Statement of Activities</i> when earned. The difference is for property taxes and related penalties and interest.	(16,118)
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. The difference during the current fiscal year is for the value of capital assets transfers to other governments.	(22,176,197)
Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. The difference during the current fiscal year is for developer advances.	(167,128)
Change in net position of governmental activities	<u><u>\$ (21,838,849)</u></u>

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.

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

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 September 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>
Texas CLASS	General	\$ 2,285,895	AAAm	43 days

Texas CLASS

The District participates in Texas Cooperative Liquid Assets Securities System (Texas CLASS). Texas CLASS is managed by an elected Board of Trustees consisting of members of the pool. Additionally, the Board of Trustees has established an advisory board, the function of which is to provide guidance on investment policies and strategies. The Board of Trustees has selected Public Trust Advisors, LLC as the program administrator and UMB Bank N.A., as the custodian.

The District's investment in Texas CLASS is reported at fair value because Texas CLASS uses fair value to report investments (other than repurchase agreements which are valued at amortized cost). Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in Texas CLASS is measured using published fair value per share (level 1 inputs).

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

Investments in Texas CLASS 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 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will construct facilities on behalf of the District. The developers 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 developers are reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

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

Due to developers, beginning of year	\$ 12,280,258
Developer funded construction and adjustments	22,176,197
Operating advances from developer	167,128
Due to developers, end of year	<u><u>\$ 34,623,583</u></u>

In addition, the District will owe the developers approximately \$3,870,000, 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 developers is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount *
Massey Oaks Section 4 - utilities	\$ 1,340,000
Lift station**	380,000
Magnolia Creek offsite utilities**	320,000
Arcadian Estates detention and mass grading	1,830,000
	<u><u>\$ 3,870,000</u></u>

* Rounded to the nearest \$10,000

** District portion of the joint project

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

Note 5 – Long-Term Debt

At September 30, 2025, the District had authorized but unissued bonds in the amount of \$112,875,000 for water, sewer and drainage facilities; \$43,430,000 for parks and recreational facilities; \$93,055,000 for road facilities; \$156,305,000 for the refunding of bonds issued for water, sewer, drainage, parks and recreational facilities; and \$93,055,000 for the refunding of bonds issued for road facilities.

Note 6 – Property Taxes

On May 5, 2018, 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.

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

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 \$0.90 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$554,302 on the adjusted taxable value of \$61,589,090.

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

Current year taxes receivable	\$ 8,063
Prior years taxes receivable	25
	8,088
Penalty and interest receivable	1,622
Property taxes receivable	<u>\$ 9,710</u>

Note 7 – Transfers to Other Governments

In accordance with an agreement between the District and the City of Pearland (the "City"), the District transfers all of its water, sewer, and drainage facilities to the City (see Note 8). Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developers are subsequently reimbursed. For the year ended September 30, 2025, the District reported transfers to other governments in the amount of \$22,176,197 for projects completed and transferred to the City.

Note 8 – Utility Agreement with the City of Pearland

On February 7, 2018, the District and the City entered into a Utility Services Agreement (the "Agreement"). The Agreement provides that the District will construct water distribution lines, wastewater collection systems, drainage, pollution prevention, detention, road and recreational

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

facilities to serve the District and upon completion, the District shall transfer certain of such facilities of the City for ownership, operation and maintenance.

The City will provide water and sewer service to users in the District at the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City. In consideration of the City's provision of water supply and distribution capacity and wastewater collection and treatment capacity, the District pays the City a fee per equivalent single family residential connection ("ESFC"). The utility agreement will remain in effect for 40 years or until the dissolution of the District, whichever comes first.

In consideration of the development of land within the District and the related increase in the taxable value to the City, and as a result of the conveyance of the facilities to the City, the City agrees to annually pay the District a portion of the ad valorem taxes collected by the City on the land and improvements within the District, exclusive of any interest and penalties paid by the taxpayer to the City and exclusive of any collection costs incurred by the City. All annual tax rebate payments received by the District will be deposited in the General Fund and used for any lawful purpose. Once the District issues bonds, the annual payment will be deposited into the Debt Service Fund of the District. In addition to the tax rebate payment, the City will impose a \$5.00 monthly surcharge per equivalent single family connection located within the District and the City will pay such \$5.00 per connection to the District monthly. For the year ended September 30, 2025, the District has received \$53,591 in accordance with this agreement.

On August 22, 2022, the District and the City entered into the First Amendment to the Utility Services Agreement, which provides that any additional land annexed into the District after the effective date of the original Utility Agreement will not receive a tax rebate.

The obligation of the City to make the annual payment shall terminate upon such time that all three of the following have occurred: (i) the developers within the District have been fully reimbursed, with interest, in accordance with the rules of the TCEQ, (ii) the District has completely financed and constructed 100% of its water distribution, wastewater collection, and drainage systems, and certain recreational facilities to serve the District, and (iii) the District debt service tax decreased to the rate of \$0.80 per \$100 of assessed valuation.

The City and District recognize and agree that the City may, pursuant to the procedures and provisions and subject to the limitations set forth in the general laws of the State of Texas including, but not limited to, Section 43.074, Texas Local Government Code, abolish and dissolve the District and assume the District Assets and District Obligations upon a vote of not less than two-thirds (2/3) of the entire membership of the City Council to adopt an ordinance to such effect, if the City Council finds: (a) that the District is no longer needed, (b) that the services and functions performed by the District can be served and performed by the City, and (c) that it would be in the best interest of the citizens and property within the District and the City that the District be abolished. Provided however, the City agrees that the District shall not be abolished until such time as the District is fully developed and has reimbursed developers within the District in accordance with the financing and reimbursement agreements previously entered into by the District.

Brazoria County Municipal Utility District No. 69
Notes to Financial Statements
September 30, 2025

Note 9 – Joint Facilities Agreement

On January 31, 2025, the District and Harris-Brazoria County Municipal Utility District No. 509 entered into a Joint Facilities Agreement, whereby each district agrees to share the cost of financing a joint lift station, water line and force main facilities to serve the areas within the City of Pearland in both districts. Each district is responsible for its pro-rata share of costs for the joint facilities. Upon completion, the joint facilities will be conveyed to the City of Pearland for ownership and operation. The term of the Agreement is 20 years.

Note 10 – 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.

Note 11 – Economic Dependency

Until such time as the District is able to fund operations through the levy and collection of its maintenance and operations tax, the District is dependent upon its developers for operating advances. The developers continue to own a substantial portion of the taxable property within the District. The developers' willingness to make future operating advances and to pay property taxes will directly affect the District's ability to meet its future obligations.

Note 12 – Subsequent Event

On February 5, 2026, the District approved a preliminary official statement and notice of sale for its Series 2026 Unlimited Tax Bonds in the amount of \$6,975,000. The acceptance of bids and award of sale is scheduled for April 8, 2026. Proceeds of the bonds will primarily be used to reimburse developers for amounts currently reported in "Due to developer" and city impact fees.

Required Supplementary Information

Brazoria County Municipal Utility District No. 69
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended September 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Property taxes	\$ 545,000	\$ 567,735	\$ 22,735
Penalties and interest		7,784	7,784
City of Pearland rebate		53,591	53,591
Miscellaneous	7,200	6,479	(721)
Investment earnings		28,665	28,665
Total Revenues	<u>552,200</u>	<u>664,254</u>	<u>112,054</u>
Expenditures			
Operating and administrative			
Professional fees	138,700	213,906	(75,206)
Contracted services	33,500	49,759	(16,259)
Administrative	27,660	45,368	(17,708)
Other	5,500	1,755	3,745
Total Expenditures	<u>205,360</u>	<u>310,788</u>	<u>(105,428)</u>
Revenues Over Expenditures	346,840	353,466	6,626
Other Financing Sources			
Developer advances		167,128	167,128
Net Change in Fund Balance	346,840	520,594	173,754
Fund Balance			
Beginning of the year	(127,922)	(127,922)	
End of the year	<u>\$ 218,918</u>	<u>\$ 392,672</u>	<u>\$ 173,754</u>

Brazoria County Municipal Utility District No. 69
Notes to Required Supplementary Information
September 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. There were no amendments to the budget during the year.

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Texas Supplementary Information

Brazoria County Municipal Utility District No. 69
TSI-1. Services and Rates
September 30, 2025

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

☐ Retail Water	☐ Wholesale Water	☐ Solid Waste / Garbage	☒ Drainage
☐ Retail Wastewater	☐ Wholesale Wastewater	☐ Flood Control	☐ Irrigation
☒ Parks / Recreation	☐ Fire Protection	☐ Roads	☐ Security
☐ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)			
☒ Other (Specify): <u>Water, sewer, and drainage services are provided by the City of Pearland. The District maintains drainage and detention facilities not yet accepted by the City for ownership and operation.</u>			

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:					to
Wastewater:					to
Surcharge:					to

District employs winter averaging for wastewater usage? ☐ Yes ☐ No

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"			x 1.0	
1"			x 2.5	
1.5"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
Total Water				
Total Wastewater			x 1.0	

Brazoria County Municipal Utility District No. 69
TSI-1. Services and Rates
September 30, 2025

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

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

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

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

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

County(ies) in which the District is located: Brazoria County

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

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

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? _____

See accompanying auditor's report.

Brazoria County Municipal Utility District No. 69
TSI-2. General Fund Expenditures
For the Year Ended September 30, 2025

Professional fees	
Legal	\$ 128,328
Audit	13,000
Engineering	72,578
	<u>213,906</u>
Contracted services	
Bookkeeping	34,727
Tax assessor/collector	10,718
Appraisal district fees	4,314
	<u>49,759</u>
Administrative	
Directors fees	6,851
Printing and office supplies	2,450
Insurance	26,809
Other	9,258
	<u>45,368</u>
Other	<u>1,755</u>
Total expenditures	<u><u>\$ 310,788</u></u>

See accompanying auditor's report.

Brazoria County Municipal Utility District No. 69
TSI-3. Investments
September 30, 2025

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
Texas CLASS	Variable	N/A	\$ 2,285,895

See accompanying auditor's report.

Brazoria County Municipal Utility District No. 69
TSI-4. Taxes Levied and Receivable
September 30, 2025

			Maintenance Taxes
Taxes Receivable, Beginning of Year			<u>\$ 21,522</u>
2024 Original Tax Levy			553,170
Adjustments			<u>1,132</u>
Adjusted Tax Levy			<u>554,302</u>
Total to be accounted for			<u>575,824</u>
Tax collections:			
Current year			546,239
Prior years			<u>21,497</u>
Total Collections			<u>567,736</u>
Taxes Receivable, End of Year			<u><u>\$ 8,088</u></u>
Taxes Receivable, By Years			
2024			\$ 8,063
2023			<u>25</u>
Taxes Receivable, End of Year			<u><u>\$ 8,088</u></u>
	2024	2023	2022
Property Valuations:			
Land	\$ 21,520,270	\$ 11,274,507	\$ 1,928,560
Improvements	44,793,539	2,070,780	500,710
Personal Property	206,520	198,540	
Exemptions	<u>(4,931,239)</u>	<u>(203,890)</u>	<u>(77,150)</u>
Total Property Valuations	<u>\$ 61,589,090</u>	<u>\$ 13,339,937</u>	<u>\$ 2,352,120</u>
Tax Rates per \$100 Valuation:			
Maintenance tax rates	<u>\$ 0.90</u>	<u>\$ 0.90</u>	<u>\$ 0.90</u>
Adjusted Tax Levy:	<u>\$ 554,302</u>	<u>\$ 120,059</u>	<u>\$ 21,169</u>
Percentage of Taxes Collected to Taxes Levied **	<u>98.55%</u>	<u>99.98%</u>	<u>100.00%</u>

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on May 5, 2018

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

See accompanying auditor's report.

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Brazoria County Municipal Utility District No. 69
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022**	2021**
Revenues					
Property taxes	\$ 567,735	\$ 98,537	\$ 21,169	\$ -	\$ -
Penalties and interest	7,784	2,263			
City of Pearland rebates	53,591	7,230	2,351		
Miscellaneous	6,479	737	152		
Investment earnings	28,665	185			
Total Revenues	664,254	108,952	23,672	-	-
Expenditures					
Operating and administrative					
Professional fees	213,906	75,603	118,042	40,898	2,590
Contracted services	49,759	28,190	25,477	9,408	5,051
Administrative	45,368	17,041	15,239	9,297	7,042
Other	1,755	5,841	9,617	864	113
Total Expenditures	310,788	126,675	168,375	60,467	14,796
Revenues Over/(Under) Expenditures	353,466	(17,723)	(144,703)	(60,467)	(14,796)
Other Financing Sources					
Developer advances	167,128	10,000	30,000	45,000	42,000
Net Change in Fund Balance	520,594	(7,723)	(114,703)	(15,467)	27,204
Fund Balance, Beginning of the year	(127,922)	(120,199)	(5,496)	9,971	(17,233)
End of the year	\$ 392,672	\$ (127,922)	\$ (120,199)	\$ (5,496)	\$ 9,971

*Percentage is negligible

**Unaudited

See accompanying auditor's report.

Percent of Fund Total Revenues				
2025	2024	2023	2022**	2021**
86%	90%	89%	-%	-%
1%	2%		-	-
8%	7%	10%	-	-
1%	1%	1%	-	-
4%	*		-	-
100%	100%	100%	-	-
32%	69%	499%	-	-
7%	26%	108%	-	-
7%	16%	64%	-	-
*	5%	41%	-	-
46%	116%	712%	-	-
54%	(16%)	(612%)	-%	-%

Brazoria County Municipal Utility District No. 69
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended September 30, 2025

Complete District Mailing Address: 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056
District Business Telephone Number: (713) 632-4531
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): August 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				
Philip Lami	05/22 - 05/26	\$ 1,989	\$ 642	President
David Miller	05/24 - 05/28	1,547	68	Vice President
Steve Ryan	11/22 - 05/26	1,989		Secretary
George Fishman	12/24 - 05/28	1,105		Assistant Secretary
Kelvin James	05/22 - 10/25	221		Assistant Secretary
Consultants				
Schwartz, Page & Harding, LLP	2018	<u>Amounts Paid</u>		Attorney
<i>General legal fees</i>		\$ 146,811		
Municipal Accounts & Consulting, L.P	2018	33,950		Bookkeeper
Assessments of the Southwest, Inc.	2022	4,022		Tax Collector
Brazoria County Appraisal District	Legislation	4,314		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2023	6,697		Delinquent Tax Attorney
R.G. Miller Engineering, Inc.	2022	64,862		Engineer
McGrath & Co., PLLC	2024	13,000		Auditor
Masterson Advisors, LLC	2018			Financial Advisor

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

See accompanying auditor's report.