OFFICIAL STATEMENT DATED AUGUST 5, 2026

IN THE OPINION OF BOND COUNSEL, HEREIN DEFINED, UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "LEGAL MATTERS" AND "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only **S&P Global Ratings (BAM Insured): "AA"**

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 222

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

$20,000,000
Unlimited Tax Utility Bonds,
Series 2026

Dated: September 1, 2026 **Due: July 1, as shown on inside cover page**
Interest Accrues from Delivery Date

The $20,000,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds") are solely obligations of Fort Bend County Municipal Utility District No. 222 (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Fulshear, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; the City of Fulshear, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated September 1, 2026, and interest on the Bonds accrues from the date of their delivery, currently scheduled for September 10, 2026 (the "Delivery Date"). Interest is payable January 1, 2027 and on each July 1 and January 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date. The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which, in turn, will remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry-Only System."

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM").

BAM
BUILD AMERICA MUTUAL

The Bonds constitute the second series of unlimited tax utility bonds issued by the District for the purpose of acquiring and/or constructing water, sewer, and drainage facilities to serve the District, and, when issued, will constitute valid and binding obligations of the District payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment." Investment in the Bonds is subject to special risk factors as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "INVESTMENT CONSIDERATIONS," before making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered, when, as and if issued by the District and accepted by the winning bidder of the Bonds (the "Initial Purchaser"), subject, among other things, to the approval of the Attorney General of Texas and of Coats Rose, P.C., Houston, Texas, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel. This Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful under the securities laws of such jurisdictions. Delivery of the Bonds through the facilities of DTC is expected on or about September 10, 2026.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$20,000,000 Unlimited Tax Utility Bonds, Series 2026

Maturity July 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34686U (b)	Maturity July 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34686U (b)
2028	$ 450,000	6.750%	3.150%	EA7	2040[c]	$ 805,000	4.250%	4.350%	EN9
2029	470,000	6.750%	3.200%	EB5	2041[c]	850,000	4.375%	4.400%	EP4
2030	495,000	6.750%	3.300%	EC3	2042[c]	890,000	4.375%	4.450%	EQ2
2031	520,000	6.750%	3.400%	ED1	2043[c]	935,000	4.500%	4.500%	ER0
2032	545,000	6.750%	3.500%	EE9	2044[c]	980,000	4.500%	4.550%	ES8
2033[c]	575,000	6.750%	3.600%	EF6	2045[c]	1,030,000	4.500%	4.600%	ET6
2034[c]	605,000	6.750%	3.650%	EG4	2046[c]	1,080,000	4.500%	4.640%	EU3
2035[c]	635,000	6.250%	3.700%	EH2	2047[c]	1,135,000	4.500%	4.680%	EV1
2036[c]	665,000	4.250%	4.050%	EJ8	2048[c]	1,190,000	4.500%	4.710%	EW9
2037[c]	700,000	4.250%	4.150%	EK5	2049[c]	1,250,000	4.500%	4.730%	EX7
2038[c]	730,000	4.250%	4.250%	EL3	2050[c]	1,315,000	4.500%	4.750%	EY5
2039[c]	770,000	4.250%	4.300%	EM1	2051[c]	1,380,000	4.500%	4.770%	EZ2

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[a] The initial reoffering yield has been provided by the Initial Purchaser (herein defined) and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may be changed for subsequent purchasers. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

[b] CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds. None of the District, Municipal Advisor (herein defined) or Initial Purchaser shall be responsible for the selection or the correctness of the CUSIP numbers.

[c] Bonds maturing on July 1, 2033, and thereafter, are subject to redemption prior to maturity at the option of the District, as a whole or from time to time in part, on July 1, 2032, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See “THE BONDS – Redemption of the Bonds.”

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Coats Rose, P.C. ("Bond Counsel") for further information.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purposes.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by Robert W. Baird & Co., Inc. (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement, at a price of 98.000000% of the principal amount thereof which resulted in a net effective interest rate of 4.746178%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

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

Prices and Marketability

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

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed 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 reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER–ALLOT OR EFFECT TRANSACTIONS 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.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdictions. 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 offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

MUNICIPAL BOND INSURANCE

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

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

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

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

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

Additional Information Available from BAM

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

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

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

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

RATINGS

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the Policy for the Bonds by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating).

Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The District	Fort Bend County Municipal Utility District No. 222 (the "District"), a political subdivision of the State of Texas, is located in the City of Rosenberg, Fort Bend County, Texas. See "THE DISTRICT."
The Bonds	The District is issuing $20,000,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds"). The Bonds are dated September 1, 2026 and mature on July 1 in the years and amounts set forth on the inside cover page hereof. Interest accrues from the date of the delivery of the Bonds at the rates per annum set forth on the inside cover page hereof and is payable on January 1, 2027, and on each July 1 and January 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption	Bonds maturing on and after July 1, 2033, are subject to redemption, in whole or from time to time in part, at the option of the District on July 1, 2032, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption of the Bonds."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, Texas (the "County"), the City of Fulshear, Texas (the "City"), or any entity other than the District. See "THE BONDS – Source of Payment."
Payment Record	The District has never defaulted on the timely payment of principal and interest on its prior bonded indebtedness. See "THE ROAD BONDS – Source of Payment."
Not Qualified Tax-Exempt Obligations	The Bonds are NOT designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."
Authority for Issuance	The Bonds constitute the second series of unlimited tax utility bonds issued by the District for the purpose of acquiring and/or constructing water, sewer, and drainage facilities to serve the District (the "Utility System"). Voters in the District have authorized a total of $800,000,000 in principal amount of unlimited tax bonds for the purpose acquiring or constructing road infrastructure to serve the District (the "Road System") and $400,000,000 in principal amount of unlimited tax bonds for refunding such bonds; $338,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and $169,000,000 in principal amount of unlimited tax bonds for refunding such bonds; and $63,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing recreational or park facilities in the District and $31,500,000 in principal amount of unlimited tax bonds for refunding such bonds. Following the issuance of the Bonds: $770,750,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Utility System to serve the District and

$400,000,000 in principal amount of unlimited tax bonds for refunding such bonds; $295,505,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and $169,000,000 in principal amount of unlimited tax bonds for refunding such bonds; and $63,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing recreational or park facilities in the District and $31,500,000 in principal amount of unlimited tax bonds for refunding such bonds will remain authorized and unissued.

The Bonds are issued pursuant to the order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); an election held on November 2, 2021; and Article XVI, Section 59 of the Texas Constitution, Chapter 8076 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended. See "THE BONDS – Authority for Issuance" and "THE BONDS – Issuance of Additional Debt."

Outstanding Bonds .... The District previously issued its $9,250,000 Unlimited Tax Utility Bonds, Series 2024 of which $9,250,000 remains outstanding as of May 1, 2026 (the "Outstanding Utility Bonds").

In addition, the District has previously issued its $25,000,000 Unlimited Tax Road Bonds, Series 2025 of which $25,000,000 remains outstanding as of May 1, 2026 (the "Outstanding 2025 Road Bonds"), its $12,585,000 Unlimited Tax Road Bonds, Series 2024 of which $12,585,000 remains outstanding as of May 1, 2026 (the "Outstanding 2024 Road Bonds") and its $4,910,000 Unlimited Tax Road Bonds, Series 2023 of which $4,815,000 remains outstanding as of May 1, 2026 (the "Outstanding 2023 Road Bonds" and, together with the Outstanding 2024 Road Bond and the Outstanding 2025 Road Bonds, the "Outstanding Road Bonds").

The Outstanding Road Bonds and the Outstanding Utility Bonds are collectively referred to herein as the "Outstanding Bonds."

Use of Bond Proceeds................................. A portion of the proceeds from the sale of the Bonds will be used to reimburse the Developer (herein defined) for the construction costs set out under "THE BONDS – Use and Distribution of Bond Proceeds." In addition, a portion of the proceeds from the sale of the Bonds will be used to pay developer interest, capitalized interest and other certain costs associated with the issuance of the Bonds. See "THE BONDS – Use and Distribution of Bond Proceeds."

Municipal Bond Insurance.......................... Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."

Rating .... S&P Global Ratings (BAM Insured) – "AA." See "RATING."

Bond Counsel .... Coats Rose, P.C., Houston, Texas.

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

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

THE DISTRICT

Description .... The District was created by House Bill No. 4675, 86th Texas Legislature, Regular Session, codified as Chapter 8076, Texas Special District Local Laws Code, effective June 10, 2019, as a conservation and reclamation district created under and essential to accomplish the purposes of Section 59, Article XVI, and Section 52, Article III of the Texas Constitution, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts.

The District contains approximately 1,340.7 acres. See "THE DISTRICT."

Location.. The District is located approximately 31 miles west of the downtown of the City of Houston, Texas. The District is approximately 12 miles south of the intersection of Interstate 10 and FM 1463, and approximately 7 miles west of the intersection of State Highway 99 and Westheimer Parkway. The District is bordered by FM 1463 on the east and Texas Heritage Parkway to the west, which provide direct access for residents. The District is located entirely within the County, the extraterritorial jurisdiction of the City and the boundaries of Lamar Consolidated Independent School District. See "THE DISTRICT- LOCATION."

Developers and Principal Landowner......... The developer and principal land-owner of the land within the District is D.R. Horton-Texas, Ltd. (the "Developer"), a Texas limited partnership. The Developer is wholly owned by D.R. Horton, Inc. ("D.R. Horton"), a Delaware corporation and publicly held company, the stock of which is listed on the New York Stock Exchange under the ticker symbol "DHI." As of May 1, 2026, the Developer has developed approximately 538.7 acres (2,286 lots) within the District which are being marketed as Tamarron.

In addition, 1003 Franz Investments LTD ("1003 Franz") is another principal landowner within the District. Developer has an exclusive option to purchase all of 1003 Franz' land in the District and has to date purchased approximately 725.7 acres of a total 1,053.7 acres owned by 1003 Franz.

As of April 1, 2026, the remaining undeveloped land within the District was owned by 1003 Franz, serving as a land banker.

Sandbar Developers, Inc. ("Sandbar") is another principal developer within the District. As of May 1, 2026, Sandbar has developed approximately 106.6 acres (521 lots) within the District which are being marketed as Tamarron.

See "PRINCIPAL LANDOWNER/DEVELOPER."

Development within the District................. Development in the District currently includes 3,729 single-family residential lots on approximately 990.3 acres. As of May 1, 2026, the District consisted of 2,636 completed homes (2,364 occupied and 272 unoccupied), 47 homes under construction, 361 vacant developed lots, and 0 lots under development. See "DEVELOPMENT OF THE DISTRICT – Status of Development within the District."

Homebuilders .... D.R. Horton is currently building single-family homes in the District. Homes in the District range in price from approximately $291,000 to over $385,000 and in size from approximately 1,544 to over 2,981 square feet. During 2024, D.R. Horton sold approximately 669 homes, during 2025, D.R. Horton sold approximately 903 homes, and from January 1, 2026 through April 30, 2026, D.R. Horton sold approximately 213 homes. See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

INVESTMENT CONSIDERATIONS

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2026 Certified Assessed Valuation	$	682,775,882 [a]
Direct Debt:		
The Outstanding Bonds (as of May 1, 2026)	$	51,650,000
The Bonds		20,000,000
Total	$	71,650,000
Estimated Overlapping Debt		84,084,026 [b]
Total Direct and Estimated Overlapping Debt	$	155,734,026 [b]
Direct Debt Ratio:		
As a percentage of 2026 Certified Assessed Valuation		10.49%
Direct and Estimated Overlapping Debt Ratio:		
As a percentage of 2026 Certified Assessed Valuation		22.81%
Utility System Debt Service Fund (as of July 8, 2026)	$	571,925 [c]
Road System Debt Service Fund (as of July 8, 2026)	$	2,295,420 [d]
Utility System Capital Projects Fund (as of July 8, 2026)	$	723,071
Road System Capital Projects Fund (as of July 8, 2026)	$	49,473
Operating Fund (as of July 8, 2026)	$	1,329,929
2025 Tax Rate:		
Utility System Debt Service	$	0.15
Road System Debt Service	$	0.69
Maintenance & Operations	$	0.33
Total	$	1.17 [e]
Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2026 - 2051)	$	4,635,918 [f]
Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2048)	$	5,197,513 [f]
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on Bonds the Outstanding Bonds and the Bonds (2026 - 2051):		
Based on 2026 Certified Assessed Valuation at 95% Collections	$	0.72
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay		
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2048):		
Based on 2026 Certified Assessed Valuation at 95% Collections	$	0.81

(a) Represents the assessed valuation of all taxable property in the District as of January 1, 2026, provided by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

(b) See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

(c) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. The funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Bonds, and any other bonds issued for the purpose of acquiring or constructing the Utility System. The funds in the Utility System Debt Service are not available to pay debt service on bonds issued by the District for the Road System. Upon the issuance of the Bonds, twelve (12) months of capitalized interest will be deposited into the Utility System Debt Service Fund.

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. The funds on deposit in the Road System Debt Service Fund are pledged only to pay the debt service on the Road Bonds and any other bonds issued for the purpose of acquiring or constructing the Road System. The funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System.

(e) See "TAX DATA – Tax Rate Calculations."

(f) See "DISTRICT DEBT – Debt Service Requirement Schedule."

OFFICIAL STATEMENT

relating to

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 222
(A Political Subdivision of the State of Texas, located within Fort Bend County)

$20,000,000
Unlimited Tax Utility Bonds,
Series 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 222 (the "District") of its $20,000,000 Unlimited Tax Utility Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapter 8076 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iii) an order (the "Bond Order") adopted by the Board of Directors of the District on the date of the sale of the Bonds, and (iv) an election held within the District on November 2, 2021.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

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

RELATIONSHIP AMONG THE PARTIES

Tierra Financial Advisors, LLC, serves as municipal advisor to the District (the "Municipal Advisor") and is a wholly owned subsidiary of D.R. Horton Inc. ("D.R. Horton"), the primary developer of land in the District. As of January 1, 2026, D.R. Horton owned approximately 4.62% of the of the total taxable assessed value of property in the District. See "DEVELOPMENT OF THE DISTRICT," "PRINCIPAL LANDOWNER/DEVELOPER" and "TAX DATA – Principal Taxpayers." A portion of the proceeds of the Bonds will be used to reimburse D.R. Horton for expenditures incurred in connection with the development of infrastructure in the District. See "THE BONDS – Use and Distribution of Bond Proceeds." No employees of D.R. Horton are members of the Board of the District, and the Municipal Advisor is subject to federal laws and regulations that require it to disclose, manage and mitigate conflicts of interest consistent with its fiduciary duties to the District.

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payment

Economic Factors: The rate of development within the District is directly related to the vitality of the residential housing industry in the County. New residential housing construction can be significantly affected by factors such as general economic activity, interest rates, credit availability, energy costs, construction costs, the level of unemployment, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowner/Developer: There is no commitment by, or legal requirement of, the principal landowners, the Developer (herein defined), or any other landowner in the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "PRINCIPAL LANDOWNER/DEVELOPER," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers and the Developer: The top ten principal taxpayers represent 9.37% of the 2026 Certified Assessed Valuation, which represents ownership as of January 1, 2026. If these or other principal taxpayers were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Orders to maintain any specified amount of surplus in its debt service fund. See, "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2026 Certified Assessed Valuation of property located within the District is $682,775,882. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $5,197,513 (2048) and the average annual debt service requirement on the Bonds will be $4,635,918 (2026-2051). Assuming no decrease to the 2026 Certified Assessed Valuation, tax rates of $0.81 and $0.72 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. In 2025, the District adopted a maintenance tax of $0.33 per $100 of assessed valuation, a Utility System debt service tax of $0.15, and a Road System debt service tax of $0.69 per $100 of assessed valuation.

Dependence on the Oil and Gas Industry

The volatility in oil prices in the U.S. and globally may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. 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. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Competitive Nature of Residential Housing Market

The residential housing industry in the Houston and Fulshear, Texas area is very competitive, and the District can give no assurance that the building programs which are planned by any homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Tax Collection and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on 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 procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other 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.

Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by, among other factors, the existence of other tax liens on the property, the current aggregate tax rate being levied against the property, or the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Bondholders' Remedies

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

Bankruptcy Limitation to Bondholders' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily. SEE "THE BONDS-Bondholders' Remedies and Bankruptcy Limitation to Bondholders' Rights."

Marketability

The District has no understanding with the Initial Purchaser of the Bonds 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 for the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Future Debt

Following the issuance of the Bonds, $770,750,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing water, sewer, and drainage facilities to serve the District (the "Utility System") and $400,000,000 in principal amount of unlimited tax bonds for refunding such bonds; $295,505,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing a road system to serve the District (the "Road System") and $169,000,000 in principal amount of unlimited tax bonds for refunding such bonds; and $63,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing recreational or park facilities in the District and $31,500,000 in principal amount of unlimited tax bonds for refunding such bonds will remain authorized and unissued. The District also has the right to issue certain other additional bonds and other obligations, as described in the Bond Order. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Following the issuance of the Bonds, the District will owe the Developer approximately $42 million for its expenditures to construct or acquire the Utility System and approximately $46 million for its expenditures to construct or acquire the Road System, the funds of which were advanced by the Developer.

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 of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Approval of the Bonds

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

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending, or future legislation.

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

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

Potential Impact of Natural Disaster

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

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

National Weather Service Atlas 14 Rainfall Study

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Reappraisal of Property

On November 5, 2019, a Texas Constitutional amendment, effective January 1, 2020, passed and the prior process that gave local taxing jurisdictions the option to request a reappraisal following a disaster was repealed and replaced with an exemption for qualified property that is in a Governor-declared disaster area and at least 15% damaged. Qualified property includes tangible personal property, improvements to real property, and manufactured homes. Eligible individuals must apply within a specified time frame and, if the disaster occurs after taxes are levied, the taxing unit must take action to authorize the exemption. The amount of the exemption is determined by the percentage level of damage and is prorated based on the date of the disaster. The applicable appraisal district must perform a damage assessment and assign a percentage rating to determine the amount of the exemption. Any exemption granted under the new provisions expires the first year the property is reappraised.

Bond Insurance Risk Factors

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of BAM and its claim paying ability. BAM'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 BAM and of the ratings on the Bonds insured by BAM will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "MUNICIPAL BOND INSURANCE" and "RATING."

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

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

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. Copies of the Bond Order may be obtained from the District upon request and payment of the costs for duplication thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated September 1, 2026, and will mature on July 1 in the years and in the principal amounts indicated on the inside cover page hereof. The Bonds will accrue interest from the date of their delivery (the "Delivery Date"), at the stated interest rates indicated on the inside cover page hereof. Interest on the Bonds is payable on January 1, 2027, and on each July 1 and January 1 thereafter (each an "Interest Payment Date") until maturity or prior redemption. The Bonds will be issued as fully registered bonds in principal denominations of $5,000 or any integral multiple thereof. Principal of the Bonds will be payable to a Bondholder thereof at maturity or earlier redemption upon presentation of Bonds at the principal payment office of Regions Bank, an Alabama state banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to Bondholders as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"), or by other such customary banking arrangements as may be acceptable to the Paying Agent/Registrar and the Bondholder at the expense and risk of the Bondholder.

Book-Entry-Only System

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

The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the 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 securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond 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 Standard & Poor's rating of AA+. 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.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer 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).

Redemption proceeds, principal, and interest 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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest 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.

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

Provisions are made in the Bond Order for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

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

Redemption of the Bonds

The Bonds maturing on July 1, 2033, and thereafter are subject to redemption and payment at the option of the District, in whole or from time to time in part, on July 1, 2032, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Bondholder of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of $5,000 within any one maturity. The Bondholder of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Bonds

In the event the Book-Entry-Only system is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity to hold them harmless. The District or the Paying Agent/Registrar may require payment of taxes, governmental charges and other expenses and other expenses in connection with any such replacement.

Authority for Issuance

The District's voters have authorized the District's issuance of $800,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Utility System and $400,000,000 in principal amount of unlimited tax bonds for refunding such bonds; $338,000,000 in principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and $169,000,000 in principal amount of unlimited tax bonds for refunding such bonds; and $63,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing recreational or park facilities in the District (the "Park System") and $31,500,000 in principal amount of unlimited tax bonds for refunding such bonds.

Following the issuance of the Bonds: $770,750,000 principal amount of unlimited tax bonds for purpose of acquiring and/or constructing the Utility System and $400,000,000 in principal amount of unlimited tax bonds for refunding such bonds; $333,090,000 principal amount of unlimited tax bonds for the purpose of acquiring and/or constructing the Road System and $169,000,000 in principal amount of unlimited tax bonds for refunding such bonds; and $63,000,000 principal amount of unlimited tax bonds for acquiring and/or constructing the Park System and $31,500,000 in principal amount of unlimited tax bonds for refunding such bonds will remain authorized and unissued.

The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, (ii) Chapter 8076 of the Texas Special District Local Laws Code, and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (iii) the Bond Order, and (iv) an election held within the District on November 2, 2021.

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and certain fees. Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund and used solely to pay principal of and interest on the Bonds, and additional bonds payable from taxes which may be issued.

The Bonds are obligations solely of the District and are not the obligations of the State of Texas; the County; the City; or any entity other than the District.

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ (with respect to the bonds for the Utility System or the Park System) necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the District's issuance of $1,200,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System and for refunding purposes; $507,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System and refunding purposes; and $94,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System and for refunding purposes.

The Bonds represent the second series of bonds issued by the District for the purpose of acquiring and/or constructing the Utility System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $1,170,750,000 for the Utility System; $464,505,000 for the Road System; and $94,500,000 for the Park System. The District may also issue any additional bonds as may hereafter be approved by both the Board of Directors and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Order. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the Utility System or for parks and recreation, approved by the TCEQ).

Following the issuance of the Bonds, the District will owe the Developer approximately $42 million for its expenditures to construct or acquire the Utility System and approximately $46 million for its expenditures to construct or acquire the Road System, the funds of which were advanced by the Developer.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the principal amount of bonds sold by the District to construct park and recreational facilities is limited to one percent of the District's certified taxable assessed valuation, unless, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may be issued in an amount not to exceed three percent of the value of the taxable property in the District.

The District may issue any additional unlimited tax bonds in the current calendar year.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District is not contemplating consolidation.

No Arbitrage

The District will certify, on the date of delivery of the Bonds, that based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Bondholders 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 of (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 with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct 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.

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Bondholders 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 currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

Legal Investment and Eligibility to Secure Public Funds in Texas

Section 49.186 of the Texas Water Code is applicable to the District and:

> (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.

Bondholders' Remedies

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

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

Bankruptcy Limitation to Bondholders' Rights

Other than a writ of mandamus and other relief authorized by law, the Bond Order does not expressly provide a specific remedy for a default. Even if a Bondholder could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a Bondholder could petition for a writ of mandamus issued by a court of competent jurisdiction requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Order. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principals of equity. See "INVESTMENT CONSIDERATIONS – Bondholders' Remedies," and "INVESTMENT CONSIDERATIONS – Bankruptcy Limitation to Bondholders' Rights."

Use and Distribution of Bond Proceeds

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

Construction Costs

A. Developer Contribution Items

1. Tamarron West Section 1	$	1,077,434
2. Tamarron West Section 2	$	1,893,101
3. Tamarron West Section 3	$	1,433,439
4. Tamarron West Section 4	$	2,260,293
5. Tamarron West Section 16	$	979,947
6. Tamarron West Section 5, Tamarron Point Section 7, and Tamarron Parkway Segment 1 to Serve Tamarron West	$	2,011,278
7. Tamarron Park Drive & Tamarron Point Street Dedication (Sec 1) to Serve Tamarron West	$	980,690
8. Tamarron Point Street Dedication and Reserve Section 2 to Serve Tamarron West	$	112,025
9. Engineering Fees	$	1,724,583
10. SWPPP Fees	$	370,677
11. Testing Fees	$	132,089
Total Developer Contribution Items	**$**	**12,975,556**

B. District Items

1. Water Plant No. 1	$	1,296,866
2. 0.2 MGD Wastewater Treatment Plant and Lift Station	$	703,612
3. Engineering Fees	$	34,403
4. SWPPP Fees	$	4,350
Total District Items	**$**	**2,039,231**

Non-Construction Costs

A. Legal Fees	$	232,500
B. Fiscal Agent Fees	$	200,000
C. Interest Costs		
i. Developer Interest	$	2,908,189
ii. Capitalized Interest	$	982,113
D. Bond Discount	$	400,000
E. Bond Issuance Expenses	$	53,024
F. Bond Application Costs	$	35,000
G. Developer Advances	$	97,000
H. Attorney General Fees	$	9,500
I. TCEQ Bond Issue Fee	$	50,000
J. Contingency	$	17,887
TOTAL NON-CONSTRUCTION COSTS	**$**	**4,985,213**
TOTAL BOND ISSUE REQUIREMENT	**$**	**20,000,000**

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

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THE DISTRICT

Authority

The District was created by House Bill No. 4675, Acts of the 86th Texas Legislature, Regular Session, codified as Chapter 8076, Texas Special District Local Laws Code, effective June 10, 2019 as a conservation and reclamation district created under and essential to accomplish the purposes of Section 59, Article XVI, and section 52, Article III of the Texas Constitution, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended, and other general laws of the State of Texas applicable to municipal utility districts. The District, which lies wholly within the planning area and extraterritorial jurisdiction ("ETJ") of the City, is subject to the continuing supervisory jurisdiction of the TCEQ.

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; the control and diversion of storm water; and roads located inside its boundaries. 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. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities.

The District is required to observe certain requirements of the City, including submittal of all plans and specifications for Utility System and Road System improvements to the City for approval, compliance with applicable City standards and specifications, allowance of City inspections of Utility System and Road System improvements, and submittal of "as-built" drawings of such improvements upon completion.

Description

The District encompasses approximately 1,340.7 acres and is entirely within the County and the EJT of the City, and within Lamar Consolidated Independent School District. The District is approximately 31 miles west of the downtown of the City of Houston, Texas. The District is approximately 12 miles south of the intersection of Interstate 10 and FM 1463, and approximately 7 miles west of the intersection of State Highway 99 and Westheimer Parkway. The District is bordered by FM 1463 on the east and Texas Heritage Parkway to the west, which provide direct access for residents. The District is located in the planning area.

Management of the District

The District is governed by the Board consisting of five directors, who have control over and management supervision of all affairs of the District. All of the Directors own property in the District. The directors serve four-year staggered terms. Elections are held in May of even-numbered years. The current members and officers of the Board are listed below:

Name	Position	Term Expires May
Tim Williamson	President	2030
Scott Hooper	Vice President	2028
Sarah Hall	Secretary	2028
Ed Hirt	Assistant Secretary	2030
Bill Wiesepape	Assistant Secretary	2028

Investment Policy

The District has adopted an Investment Policy (the "Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Policy. The Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation and secured by collateral authorized by the Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Bond Counsel and General Counsel: The District has engaged Coats Rose, P.C., Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel: Orrick, Herrington & Sutcliffe LLP, Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Municipal Advisor: Tierra Financial Advisors, LLC is engaged as municipal advisor to the District in connection with the issuance of the Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement. Tierra Financial Advisors, LLC is a wholly owned subsidiary of D.R. Horton. See "RELATIONSHIP AMONG THE PARTIES" herein.

Tax Assessor/Collector: The tax assessor/collector for the District is Assessments of the Southwest (the "Tax Assessor/Collector").

Bookkeeper: The District's bookkeeper is Myrtle Cruz, Inc. (the "Bookkeeper").

Auditor: The District engaged McGrath & Co., PLLC to audit its financial statements for the fiscal year ended June 30, 2025. The District's audited financial statements are attached. See Appendix "A".

Engineer: The District's engineer is Quiddity Engineer, LLC (the "Engineer").

Operator: The operation and maintenance of the District's water and wastewater systems are overseen by SiEnvironmental.

DEVELOPMENT OF THE DISTRICT

Status of Development within the District

Development in the District currently includes 3,729 single-family residential lots on approximately 990.3 acres. As of May 1, 2026, the District consisted of 2,636 completed homes (2,364 occupied and 272 unoccupied), 47 homes under construction, 361 vacant developed lots, and 0 lots under development.

As of April 1, 2026, the remaining undeveloped land within the District was owned by 1003 Franz, serving as a land banker.

Homebuilder within the District

D.R. Horton is currently building single-family homes in the District. Homes in the District range in price from approximately $291,000 to over $385,000 and in size from approximately 1,544 to over 2,981 square feet. During 2024, D.R. Horton sold approximately 669 homes, during 2025, D.R. Horton sold approximately 903 homes, and from January 1, 2026 through April 30, 2026, D.R. Horton has sold approximately 213 homes. See "DEVELOPMENT OF THE DISTRICT – Homebuilders within the District."

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PHOTOGRAPHS TAKEN IN THE DISTRICT

(MAY 2026)

PHOTOGRAPHS TAKEN IN THE DISTRICT

(MAY 2026)

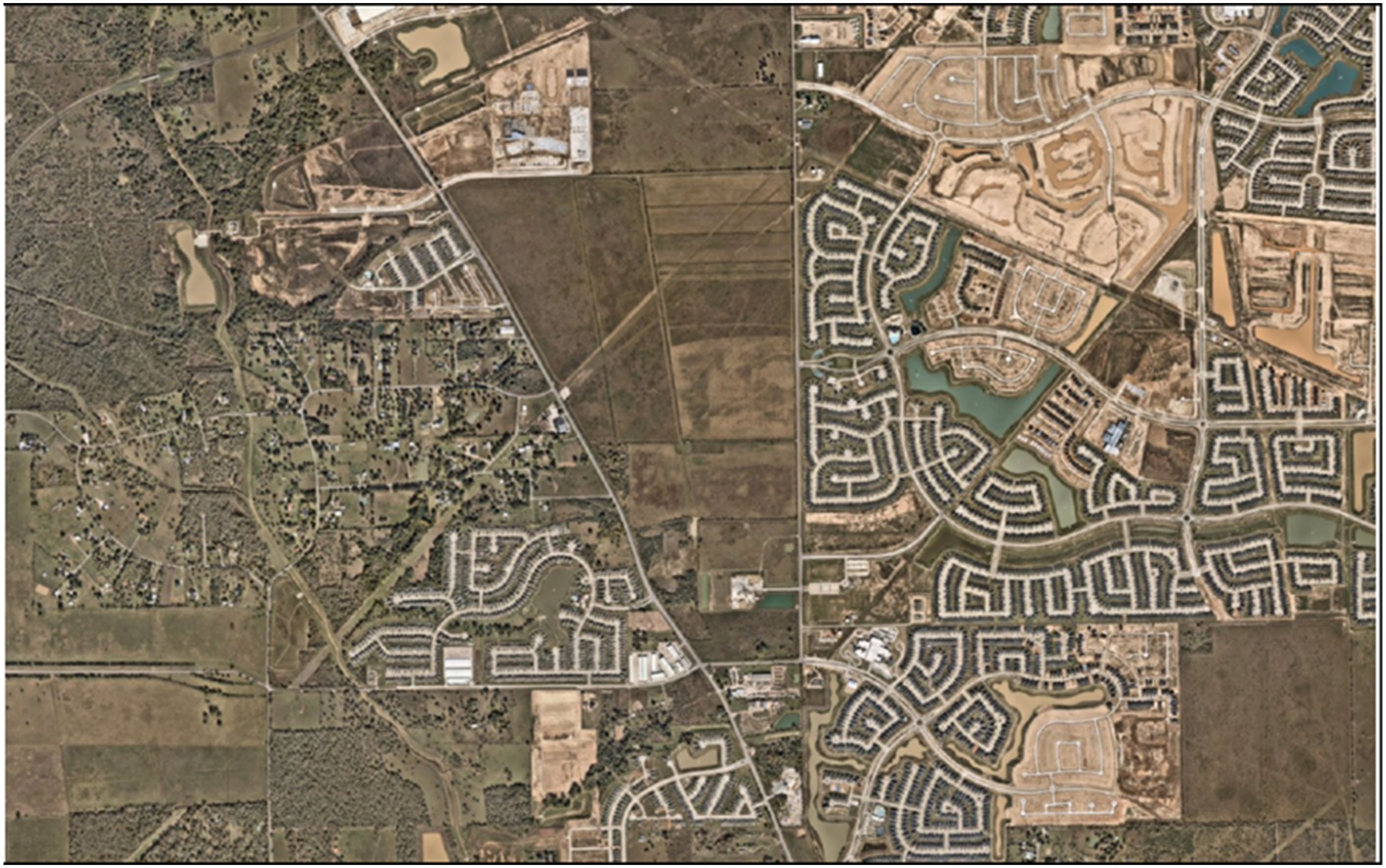
PHOTOGRAPHS TAKEN IN THE DISTRICT

(MAY 2026)

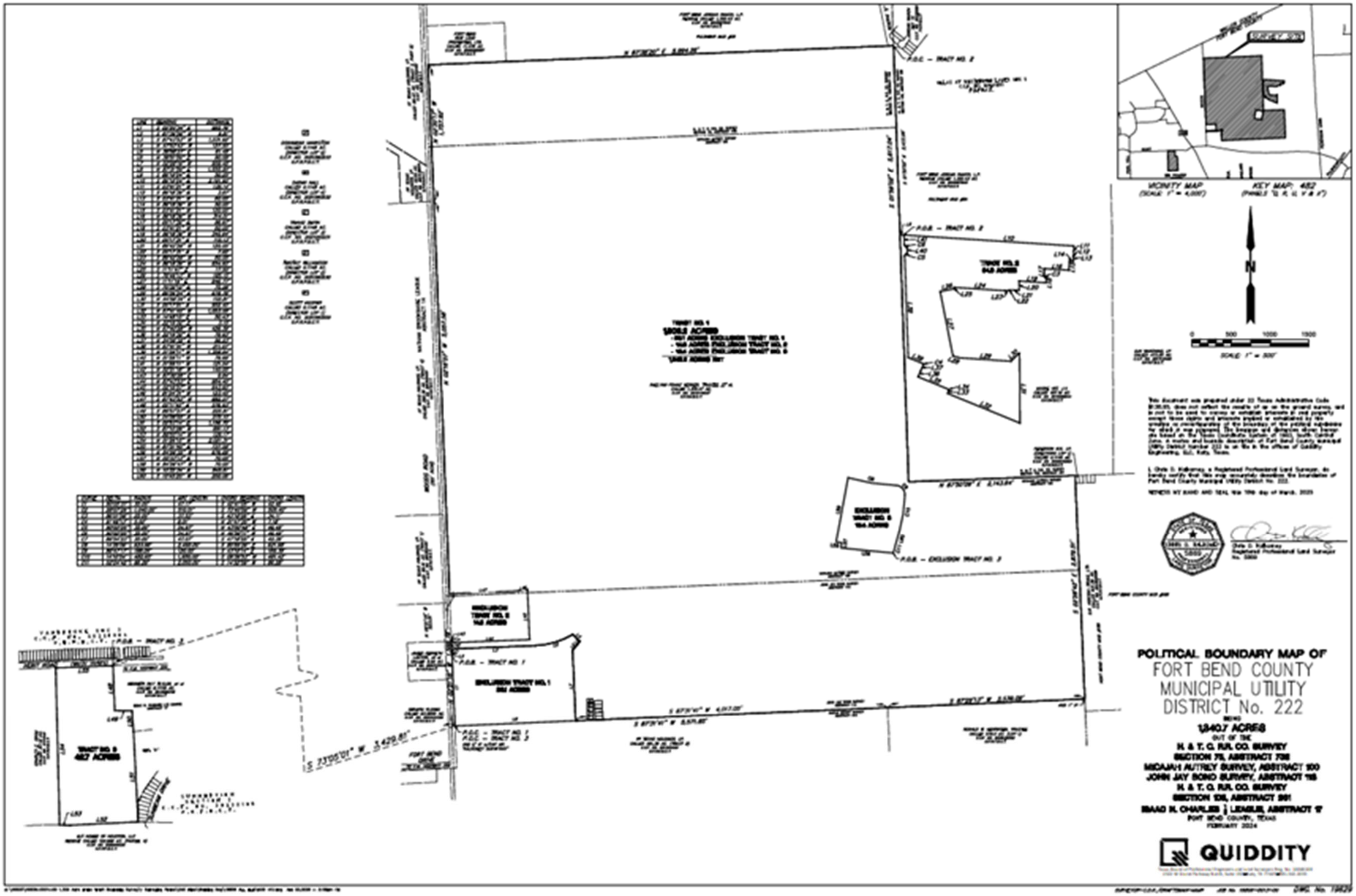
PHOTOGRAPHS TAKEN IN THE DISTRICT

(MAY 2026)

AERIAL PHOTOGRAPH TAKEN IN THE DISTRICT



DISTRICT MAP



PRINCIPAL LANDOWNER/DEVELOPER

Role of the Developer

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

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

Neither the Developer (herein defined), nor any affiliate entities, are obligated to pay principal of or interest on the Bonds. Furthermore, neither the Developer, nor any affiliate entities, have a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

The Developers

D.R. Horton-Texas, Ltd.

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

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

The Developer has obtained financing of upfront proceeds for the eligible reimbursements in the development from proceeds of $168,325,000 of bonds issued by the National Finance Authority (the "NFA Bonds"), which are secured in part by the sale and assignment of Developer's right to receive proceeds from the future sale of unlimited tax bonds issued by the District. The District delivered a Letter of Representations and Certifications for Tax Purposes to the NFA with respect to the issuance of the NFA Bonds. According to the Developer, Developer is currently in compliance with all material representations and certifications made with respect to the NFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law.

1003 Franz Investments LTD

1003 Franz Investments LTD ("1003 Franz") is another principal landowner within the District. Developer has an exclusive option to purchase all of 1003 Franz' land in the District and has to date purchased approximately 725.7 acres of a total 1,053.7 acres owned by 1003 Franz. As of April 1, 2026, the remaining undeveloped land within the District was owned by 1003 Franz, serving as a land banker.

Sandbar Developers, Inc.

Sandbar Developers, Inc. ("Sandbar") is another principal developer within the District. As of May 1, 2026, Sandbar has developed approximately 106.6 acres (521 lots) within the District which are being marketed as Tamarron.

THE UTILITY SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage 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. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the EPA. Fort Bend County, Texas, the City, and the Texas Department of Health also exercise regulatory jurisdiction over the District's water, wastewater and storm drainage facilities.

Utility Agreement

Pursuant to a Water and Wastewater Facilities Agreement between the District and the City, dated December 18, 2020, and as amended on November 14, 2023, January 25, 2024, October 15, 2024, and April 21, 2026 (collectively, the "Utility Agreement"), wholesale water supply is provided to the District by the City, and the City has the option to provide wholesale wastewater supply to the District upon eighteen (18) months' notice. The costs of constructing water supply facilities (or wastewater treatment facilities should the City exercise its option) are payable by the District to the City in the form of impact fees. The City has agreed to timely provide the wholesale water services needed to serve the District and to expand the City's water supply facilities from time to time; however, if the City is unable to timely provide the wholesale water services needed by the District to serve its customers, the District may construct such water supply facilities for conveyance to the City for maintenance and operation and receive a credit towards water impact fees payable to the City. The City has provided commitments to provide water supply capacity adequate to serve 1,000 equivalent single-family connections ("ESFCs"). Should the City exercise its option to provide wholesale wastewater service to the District, the District will convey all of its wastewater treatment facilities to the City for maintenance and operation and receive a credit for the construction costs of such facilities towards impact fees payable to the City. Pursuant to the terms of the Utility Agreement, the City bills the District directly for water supply services and the District bills residents and customers at retail rates.

Description of the System

- Water Supply & Distribution -

Pursuant to the Utility Agreement, water supply for the District's customers is provided by the City. The District's source of water is surface water and ground water provided by the City's water supply facilities and distributed to the District by way of a 16-inch waterline. The City provides water supply service to the District through two points of delivery within the District that distributes water directly into the District's water distribution system. The District is responsible for the operation and maintenance of its water distribution system beyond the point of delivery from the City.

Water service is provided by the City through Water Plant No. 1 which is currently operated by the City and consists of a 30,000 gallon hydro-pneumatic tank, one 300,000 gallon ground storage tank, and 3,000 gallons per minute (gpm) in booster pump capacity. The Water Plant No. 1 receives all water via an offsite 16-inch waterline, owned and maintained by the City of Fulshear which is metered prior to entering into Water Plant No. 1. Water Plant No. 1 currently has capacity to serve 1,000 equivalent single-family connections ("ESFCs").

Additionally, the District has completed the construction of Water Plant No. 2, which became operational July 2, 2024 and is currently operated by the city. Water Plant No. 2 consists of two onsite wells with an approximate capacity of 600 gpm and 750 gpm, two 25,000 gallon hydro-pneumatic tanks, one 500,000 gallon ground storage tank, and 3,690 gpm in booster pump capacity. The District has capacity to serve 3,250 ESFCs between Water Plant No. 1 and No. 2. The District is currently constructing an offsite remote well with an anticipated capacity of 700 gpm. The District anticipates that well will be in service by December of 2026.

- Wastewater Treatment and Conveyance System -

Pursuant to the District's wastewater treatment plant ("WWTP") Permit (No. WQ0016011001), the District constructed a leased 200,000 gallons per day WWTP within the District which is sufficient to serve approximately 666 ESFCs. The District has constructed the next phase of the WWTP which adds 400,000 gallons per day, bringing the total capacity to 600,000 gallons per day of permitted flow, which is sufficient to serve approximately 2,000 ESFC's. However, the minor amendment to bring the next phase to 600,000 gallons per day has been in TCEQ review since May of 2024. The District is currently operating 400,000 gpd of leased WWTP to stay within the permitted limits of the original discharge permit. Although the City and the District previously intended to design and construct permanent wastewater treatment capacity to serve customers of the City, such plans were abandoned pursuant to the third amendment to the Utility Agreement. The District is currently planning to begin design on the next phase of WWTP bringing the capacity to 1,100,000 gpd, design is anticipated to begin June of 2026.

- Drainage -

Stormwater drainage from the District discharges into a detention pond through a storm sewer system. The detention ponds ultimately outfall to Flewellen Creek. A minority of the District is within a separate watershed and outfalls into the Tamarron Detention System.

- Roads -

The roads within the District vary in width in accordance with standards adopted by the County and City, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District. All roads are maintained by the County upon acceptance into its maintenance program.

Subsidence and Conversion to Surface Water Supply

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

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

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

General Fund Operating Statement

The following is a summary of the District's general fund activity for the period ended April 30, 2026. The information provided for fiscal years 2023-2025 are from the audited financial statements. The information provided for the period of July 1, 2025 through April 30, 2026 is unaudited and provided by the District's Bookkeeper. See "APPENDIX A – Statement of Revenues, Expenditures, and Changes in Fund Balances."

	7/1/2025 to 4/30/2026[a]	Fiscal Year Ended June 30 2025	2024	2023
Revenues:				
Water Service	$ 1,329,234	$ 927,013	$ 434,459	$ 91,887
Sewer Service	930,920	522,546	266,810	105,111
Property Taxes	1,340,249	1,288,118	542,613	471,187
Penalties and Interest	79,035	82,417	46,484	18,969
Regional Water Authority Fees	1,163,444	1,026,598	632,618	157,419
Tap Connection and Inspection Fees	1,819,946	2,295,351	1,050,333	829,278
Miscellaneous	-	19,284	4,713	938
Investment Earnings	25,696	10,771	18,149	4,243
Total Revenues	$ 6,688,524	$ 6,172,098	$ 2,996,179	$ 1,679,032
Expenditures:				
Purchased Services[b]	$ 2,224,917	$ 1,795,755	$ 1,400,463	$ 232,340
Professional Fees	254,954	212,552	198,149	108,749
Contracted Services	2,269,449	740,216	346,705	754,100
Repairs & Maintenance	1,376,468	1,459,066	820,358	432,229
Utilities	12,157	24,606	13,892	8,341
Administrative	312,537	159,443	76,884	42,295
Other	12,423	1,000	-	1,955
Capital Outlay	-	5,452,057	619,887	-
Right-to-use leased asset				1,629,949
Lease Debt Service	-	225,600	18,800	-
Total Expenditures	$ 6,462,906	$ 10,070,295	$ 3,495,138	$ 3,209,958
Excess (Deficiency) of Revenues Over Expenditures	$ 225,618	$ (3,898,197)	$ (498,959)	$ (1,530,926)
Other Financing Sources (Uses)				
Lease Financing	$ -	$ 4,414,152	$ -	$ 1,629,949
Developer Advance	$ 1,026,778	$ 97,000	$ -	$ -
Internal Transfers	$ -	$ (57,597)		
Net Change in Fund Balance	$ 1,252,396	$ 555,358	$ (498,959)	$ 99,023
Fund Balance (Beginning of Year)	$ 357,529	$ (197,829)	$ 301,130	$ 202,107
Fund Balance (End of Year)	$ 1,609,925	$ 357,529	$ (197,829)	$ 301,130

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

(b) The Utility Agreement did not originally specify the City's wholesale water rate but required the District and City to ultimately agree on the amount. Following negotiations, the District and City reached an agreement on the rate and amended the Utility Agreement on November 14, 2023. The District made a substantial catch-up payment to the City for wholesale water purchased from August 2022 through November 2023.

THE ROAD SYSTEM

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

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DISTRICT DEBT

2026 Certified Assessed Valuation	$	682,775,882 [a]
Direct Debt:		
The Outstanding Bonds (as of May 1, 2026)	$	51,650,000
The Bonds		20,000,000
Total	$	71,650,000
Estimated Overlapping Debt		84,084,026 [b]
Total Direct and Estimated Overlapping Debt	$	155,734,026 [b]
Direct Debt Ratio:		
As a percentage of 2026 Certified Assessed Valuation		10.49%
Direct and Estimated Overlapping Debt Ratio:		
As a percentage of 2026 Certified Assessed Valuation		22.81%
Utility System Debt Service Fund (as of July 8, 2026)	$	571,925 [c]
Road System Debt Service Fund (as of July 8, 2026)	$	2,295,420 [d]
Utility System Capital Projects Fund (as of July 8, 2026)	$	723,071
Road System Capital Projects Fund (as of July 8, 2026)	$	49,473
Operating Fund (as of May 6, 2026)	$	1,329,929
2025 Tax Rate:		
Utility System Debt Service	$	0.15
Road System Debt Service	$	0.69
Maintenance & Operations	$	0.33
Total	$	1.17 [e]
Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2026 - 2051)	$	4,635,918 [f]
Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2048)	$	5,197,513 [f]
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement on Bonds the Outstanding Bonds and the Bonds (2026 - 2051):		
Based on 2026 Certified Assessed Valuation at 95% Collections	$	0.72
Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay		
Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2048):		
Based on 2026 Certified Assessed Valuation at 95% Collections	$	0.81

[a] Represents the assessed valuation of all taxable property in the District as of January 1, 2026, provided by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX DATA" and "TAXING PROCEDURES."

[b] See "DISTRICT DEBT – Direct and Estimated Overlapping Debt Statement."

[c] Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. The funds in the Utility System Debt Service Fund are pledged only to pay the debt service on the Bonds, and any other bonds issued for the purpose of acquiring or constructing the Utility System. The funds in the Utility System Debt Service are not available to pay debt service on bonds issued by the District for the Road System. Upon the issuance of the Bonds, twelve (12) months of capitalized interest will be deposited into the Utility System Debt Service Fund.

[d] Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Road System Debt Service Fund. The funds on deposit in the Road System Debt Service Fund are pledged only to pay the debt service on the Road Bonds and any other bonds issued for the purpose of acquiring or constructing the Road System. The funds in the Road System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Utility System.

[e] See "TAX DATA – Tax Rate Calculations."

[f] See "DISTRICT DEBT – Debt Service Requirement Schedule."

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds, plus the principal and interest requirements on the Bonds.

		Plus: The Bonds			
Year Ending 12/31	Outstanding Bonds Debt Service [(a)]	Principal	Interest	Debt Service	Total Debt Service
2026	$ 1,767,084	$ -	$ -	$ -	$ 1,767,084
2027	3,548,944	-	793,874	793,874	4,342,818
2028	3,536,794	450,000	982,113	1,432,113	4,968,906
2029	3,515,969	470,000	951,738	1,421,738	4,937,706
2030	3,511,769	495,000	920,013	1,415,013	4,926,781
2031	3,497,994	520,000	886,600	1,406,600	4,904,594
2032	3,494,169	545,000	851,500	1,396,500	4,890,669
2033	3,499,769	575,000	814,713	1,389,713	4,889,481
2034	3,508,319	605,000	775,900	1,380,900	4,889,219
2035	3,522,856	635,000	735,063	1,370,063	4,892,919
2036	3,536,819	665,000	695,375	1,360,375	4,897,194
2037	3,561,894	700,000	667,113	1,367,113	4,929,006
2038	3,576,763	730,000	637,363	1,367,363	4,944,125
2039	3,606,525	770,000	606,338	1,376,338	4,982,863
2040	3,615,219	805,000	573,613	1,378,613	4,993,831
2041	3,637,281	850,000	539,400	1,389,400	5,026,681
2042	3,654,150	890,000	502,213	1,392,213	5,046,363
2043	3,678,769	935,000	463,275	1,398,275	5,077,044
2044	3,695,931	980,000	421,200	1,401,200	5,097,131
2045	3,717,056	1,030,000	377,100	1,407,100	5,124,156
2046	3,736,019	1,080,000	330,750	1,410,750	5,146,769
2047	3,758,250	1,135,000	282,150	1,417,150	5,175,400
2048	3,776,438	1,190,000	231,075	1,421,075	5,197,513
2049	3,405,206	1,250,000	177,525	1,427,525	4,832,731
2050	1,774,500	1,315,000	121,275	1,436,275	3,210,775
2051	-	1,380,000	62,100	1,442,100	1,442,100
Total	$ 86,134,484	$ 20,000,000	$ 14,399,374	$ 34,399,374	$ 120,533,859

[(a)] Outstanding Bond debt service as of May 1, 2026.

Combined Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2026–2051)	$4,635,918
Combined Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2048)	$5,197,513

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Direct and 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 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. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

	Outstanding Debt	Overlapping	
Taxing Jurisdiction	May 1, 2026	Percent	Amount
Lamar Consolidated Independent School District	$3,555,130,000	2.21%	$ 78,717,148
Fort Bend County	997,120,706	0.53%	5,257,580
Fort Bend County Drainage District	20,585,000	0.53%	109,298
Total Estimated Overlapping Debt			$84,084,026
Direct Debt (a)			$71,650,000
Total Direct and Estimated Overlapping Debt [a]			$155,734,026

[a] Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratio of Direct Debt:
As a Percentage of 2026 Certified Assessed Valuation.. 10.49%

Ratio of Direct and Estimated Overlapping Debt:
As a Percentage of 2026 Certified Assessed Valuation.. 22.81%

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TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes that the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. In the Bond Order, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District for the payment of certain contractual obligations. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein.

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

Property Subject to Taxation by the District

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

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District. Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." "Goods-in-transit" is defined by a provision of the Tax Code, which is effective for tax year 2016 and prior applicable years, as personal property acquired or imported into Texas and transported to another location in the State or outside the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory. For tax year 2016 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The Tax Code provision permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. The District has taken action to tax Goods-in-Transit. A taxpayer may receive only one of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Tax Abatement

Fort Bend County, Texas, may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County, Texas, and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Fort Bend County, Texas, has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

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

The Property Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

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

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code.

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

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

District's Rights in the Event of Tax Delinquencies

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

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

The ability of the District to collect delinquent taxes by foreclosure may be adversely affected by the amount of taxes owed to other taxing units, the foreclosure sale price attributable to market conditions, the taxpayer's right to redeem the property within six (6) months of foreclosure (two (2) years in the case of residential or agricultural property), or by bankruptcy proceedings which restrain the collection of a taxpayer's debts or modify such debts. The Financial Institutions Reform, Recovery and Enforcement Act of 1989 contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. In 2025, the District levied a maintenance tax of $0.33 per $100 of assessed valuation, a Utility System debt service tax of $0.15, and a Road System debt service tax of $0.69 per $100 of assessed valuation.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance and Operation General:	$1.50 per $100 assessed taxable valuation.
Maintenance and Operation Road:	$1.50 per $100 assessed taxable valuation.
Maintenance and Operation Recreation:	$0.10 per $100 assessed taxable valuation.

Debt Service Taxes

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. In 2025, the District levied a Utility System debt service tax of $0.15 and a Road System debt service tax of $0.69 per $100 of assessed valuation.

Maintenance Taxes

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. In 2025, the District levied a maintenance tax of $0.33 per $100 of assessed valuation. See "Tax Rate Distribution" below.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2025, the District has not granted a residential homestead exemption for individuals disabled and/or 65 years of age or older. See "Analysis of Tax Base" below.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This twenty percent (20%) penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than June 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Historical Tax Collections

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

Tax Year	Certified Taxable Value	Tax Rate	Adjusted Tax Levy	Collections Current Year	Current Year Ending 9/30	Collections
2021	$ 17,870,428	1.270%	$ 226,954	100.00%	2022	100.00%
2022	30,347,779	1.170	355,069	100.00	2023	100.00
2023	84,005,560	1.170	982,865	99.82	2024	99.82
2024	228,981,513	1.170	2,679,084	99.43	2025	99.43
2025	439,499,711	1.170	5,142,147	96.80	2026	96.80
2026	682,775,882	TBD	TBD	N/A[(a)]	2027	N/A[(a)]

[(a)] Collections have not yet begun as tax rate has not been set.

Tax Rate Distribution

The following table sets out the components of the District's tax levy for each of the following tax years.

	2025	2024	2023	2022	2021
Utility System Debt Service	$ 0.150	$ 0.220	$ -	$ -	$ -
Road System Debt Service	0.690	0.400	0.450	0.000	0.000
Maintenance & Operations	0.330	0.550	0.720	1.170	1.270
Total	$ 1.170	$ 1.170	$ 1.170	$ 1.170	$ 1.270

Analysis of Tax Base

The following represents the types of property comprising the District assessed taxable value for each of the following tax years.

Type of Property	2026 Assessed Taxable Valuation	2025 Assessed Taxable Valuation	2024 Assessed Taxable Valuation	2023 Assessed Taxable Valuation	2022 Assessed Taxable Valuation
Land	$ 188,550,189	$ 150,565,872	$ 101,822,789	$ 55,965,646	$ 32,546,753
Improvements	540,604,869	314,761,460	141,712,979	31,255,782	485,000
Personal Property	157,662	414,268	511,276	186,183	137,480
Exemptions	(46,536,838)	(26,241,889)	(15,065,531)	(3,402,050)	(2,821,454)
Total	$ 682,775,882	$ 439,499,711	$ 228,981,513	$ 84,005,560	$ 30,347,779

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Principal Taxpayers

The following represents the principal taxpayers, type of property, and their assessed values as of January 1, 2026:

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	Percent of District 2026 Value
D R Horton-Texas LTD[(a)]	Inventory / Vacant	$31,554,231	4.62%
1003 Franz Investments LTD	Vacant	15,550,061	2.28%
F H & L 2012 Trust	Commercial	7,920,472	1.16%
Shops at Tamarron LLC	Single-Family	3,293,789	0.48%
Lamar CISD	Land	1,495,700	0.22%
Hut Enterprises LLC	Single-Family	1,347,801	0.20%
Individual	Single-Family	1,028,900	0.15%
Individual	Single-Family	614,342	0.09%
Individual	Single-Family	606,700	0.09%
Individual	Single-Family	583,165	0.09%
Total		**$63,995,161**	**9.37%**

(a) See "PRINCIPLE LANDOWNER/DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain debt service requirements on the Bonds if no growth in the District's tax base occurs beyond the 2026 Certified Assessed Valuation ($682,775,882). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds.

Combined Average Annual Debt Service Requirements (2026–2051)	$4,635,918
Tax Rate of $0.72 on the 2026 Certified Assessed Valuation produces	$4,670,187
Combined Maximum Annual Debt Service Requirement (2048)	$5,197,513
Tax Rate of $0.81 on the 2026 Certified Assessed Valuation produces	$5,253,960

Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2025 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2025 Tax Rate Per $100 of Assessed Value
Lamar CISD	$ 1.146900
Fort Bend County	0.412000
Fort Bend County Drainage District	0.010000
Fort Bend County ESD No. 4	0.096628
The District	1.170000
Total Tax Rate	**$ 2.835528**

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel.

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Tax Exemption

On the date of delivery of the Bonds, Coats Rose, P.C., Houston, Texas, 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 (the "Code"); however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the 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.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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.

Not Qualified Tax-Exempt Obligations

The Bonds are <u>NOT</u> designated as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has the following agreement for the benefit of the holders 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, audited financial statements and timely notice of specified material events, in an electronic format as prescribed by the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system for such purpose.

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 "DISTRICT DEBT" (excluding the information contained under the subheading "Direct and Estimated Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available. The District's current fiscal year end is June 30. Accordingly, it must provide updated information by the last day in December in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten 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 SEC Rule 15c212; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "material" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order make any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to 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 certain events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the Outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such SEC Rule 15c2-12 are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertaking

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

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included 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.

Experts

The information contained in this Official Statement relating to engineering and to the description of the Utility System, and, in particular, that engineering information included in the sections entitled "THE BONDS – Use and Distribution of Bond Proceeds," "THE DISTRICT – Description," "DEVELOPMENT OF THE DISTRICT – Status of Development within the District," and "THE UTILITY SYSTEM" has been provided by the Engineer and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

The information contained in this Official Statement relating to development of the District and, in particular, that development information included in the sections captioned "DEVELOPMENT OF THE DISTRICT – Status of Development within the District" and "PRINCIPAL LANDOWNER/DEVELOPER" has been provided by the Developer and has been included herein in reliance upon the authority of said firm as an expert in the field of property development.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

Municipal Advisor

Tierra Financial Advisors, LLC, is employed as the Municipal Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Municipal Advisor, Tierra Financial Advisors, LLC has compiled and edited this Official Statement. The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information. Tierra Financial Advisors, LLC, is a wholly owned subsidiary of D.R. Horton, is the primary developer of land in the District. See "RELATIONSHIP AMONG THE PARTIES" herein.

Bond Counsel

Coats Rose, P.C. is employed as Bond Counsel for the District and has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "THE DISTRICT—General," "TAXING PROCEDURES," "LEGAL MATTERS," AND "CONTINUING DISCLOSURE OF INFORMATION." Bond Counsel has reviewed the information under the aforementioned sections solely to determine whether such information fairly summarizes the law or documents referred to in such sections. Bond Counsel has not independently verified other factual information contained in this Official Statement nor 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 the limited participation of such firm 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.

Certification as to Official Statement

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

Updating of Official Statement

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

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CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 222 as of the date shown on the cover page hereof.

/s/ Tim Williamson
President, Board of Directors
Fort Bend County Municipal Utility District No 222

ATTEST:

/s/ Sarah Hall
Secretary, Board of Directors
Fort Bend County Municipal Utility District No 222

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 222

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2025

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McGRATH & CO., PLLC

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

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 222
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 222 (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 222, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
October 1, 2025

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Management's Discussion and Analysis

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Using this Annual Report

This section of the financial report of Fort Bend County Municipal Utility District No. 222 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at June 30, 2025, was negative $62,108,523. The District's net position is negative because the District incurs debt to construct certain facilities which it conveys to other governmental entities A comparative summary of the District's overall financial position, as of June 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	$ 4,432,270	$ 1,594,678
Capital assets	64,321,912	44,730,014
Total assets	68,754,182	46,324,692
Current liabilities	2,134,788	1,581,474
Long-term liabilities	128,727,917	69,368,648
Total liabilities	130,862,705	70,950,122
Net position		
Net investment in capital assets	(6,687,580)	(1,527,530)
Restricted	1,640,807	321,639
Unrestricted	(57,061,750)	(23,419,539)
Total net position	$ (62,108,523)	$ (24,625,430)

The total net position of the District decreased during the current fiscal year by $37,483,093. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	2025	2024
Revenues		
Water and sewer service	$ 1,449,559	$ 701,269
Property taxes, penalties and interest	2,774,510	1,052,398
Regional water authority fees	1,026,598	632,618
Tap connection and inspection	2,295,351	1,050,333
Other	137,554	34,990
Total revenues	7,683,572	3,471,608
Expenses		
Current service operations	4,457,115	2,880,010
Debt interest and fees	1,244,394	240,956
Developer interest	1,545,212	
Debt issuance costs	713,287	
Depreciation/amortization	1,588,316	838,216
Total expenses	9,548,324	3,959,182
Change in net position before other item	(1,864,752)	(487,574)
Other item		
Transfers to other governments	(35,618,341)	(12,920,849)
Change in net position	(37,483,093)	(13,408,423)
Net position, beginning of year	(24,625,430)	(11,217,007)
Net position, end of year	$ (62,108,523)	$ (24,625,430)

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2025, were $2,698,365, which consists of $357,529 in the General Fund, $1,601,630 in the Debt Service Fund and $739,206 in the Capital Projects Fund.

General Fund

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

	2025	2024
Total assets	$ 1,626,902	$ 1,248,000
Total liabilities	$ 1,240,978	$ 1,387,718
Total deferred inflows	28,395	58,111
Total fund balance	357,529	(197,829)
Total liabilities, deferred inflows and fund balance	$ 1,626,902	$ 1,248,000

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

	2025	2024
Total revenues	$ 6,172,098	$ 2,996,179
Total expenditures	(10,070,295)	(3,495,138)
Revenues under expenditures	(3,898,197)	(498,959)
Other changes in fund balance	4,453,555	
Net change in fund balance	$ 555,358	$ (498,959)

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

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

During the current fiscal year, the District recorded capital outlay and an associated other financing source of $4,414,152 related to the execution of its lease agreement for the Interim Wastewater Treatment Plant, Phase 2.

Debt Service Fund

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

	2025	2024
Total assets	$ 1,686,482	$ 337,543
Total liabilities	$ 45,675	$ 15,904
Total deferred inflows	39,177	50,481
Total fund balance	1,601,630	271,158
Total liabilities, deferred inflows and fund balance	$ 1,686,482	$ 337,543

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

	2025	2024
Total revenues	$ 1,514,803	$ 368,424
Total expenditures	(1,217,053)	(243,040)
Revenues over expenditures	297,750	125,384
Other changes in fund balance	1,032,722	
Net change in fund balance	$ 1,330,472	$ 125,384

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

Capital Projects Fund

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

	2025	2024
Total assets	$ 739,206	$ 9,135
Total fund balance	$ 739,206	$ 9,135

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

	2025	2024
Total revenues	$ 37,691	$ 949
Total expenditures	(20,059,495)	(9,250)
Revenues under expenditures	(20,021,804)	(8,301)
Other changes in fund balance	20,751,875	
Net change in fund balance	$ 730,071	$ (8,301)

During the current fiscal year, the District's capital asset activity was financed with proceeds from the issuance of its Series 2024 Unlimited Tax Bonds and Series 2024 Unlimited Tax Road Bonds. During the prior fiscal year, the District did not have any significant capital asset activity.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $18,439 greater than budgeted. The *Budgetary Comparison Schedule* on page 40 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. The 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.

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

	2025	2024
Capital assets not being depreciated		
Land and improvements	$ 12,182,050	$ 12,182,050
Capital assets being depreciated/amortized		
Infrastructure	48,764,535	32,089,826
Right-to-use leased assets	6,044,101	1,629,949
	54,808,636	33,719,775
Less accumulated depreciation/amortization		
Infrastructure	(2,315,618)	(1,144,645)
Right-to-use leased assets	(353,156)	(27,166)
	(2,668,774)	(1,171,811)
Depreciable capital assets, net	52,139,862	32,547,964
Capital assets, net	$ 64,321,912	$ 44,730,014

Capital asset additions during the current fiscal year include the following:

- Water meters
- Right to use leased asset - Interim Wastewater Treatment Plant – 0.4 MGD
- Utilities to serve Jordan Ranch Segment 2
- Utilities to serve Tamarron West Section 6 and Woods Road Waterline Extension
- Utilities to serve Tamarron West Sections 7, 8, 10 – 13, and 19 – 20
- Tamarron West MG and Detention Phase IIIA
- Tamarron West – Tamarron Parkway Street Dedication Section 1

The District entered into an agreement with the City of Fulshear (the "City") requiring the District to construct certain water supply facilities that will serve both the District and the City, and to convey title of those facilities to the City upon completion. Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developers are reimbursed. For the year ended June 30, 2025, capital assets in the amount of $35,618,341 have been recorded as transfers to other governments in the government-wide statements.

Lease Obligations

The District has entered into various equipment lease obligations for interim wastewater treatment plants. The District recognized right-to-use leased assets and lease obligations in the amount of $6,044,101 for these leases. The balance due for the leases as of June 30, 2025, was $5,954,674.

Long-Term Debt and Related Liabilities

As of June 30, 2025, the District owes approximately $96,971,378 to the developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of $37,740,000 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. 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 are trued up when the developers are reimbursed.

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

Series	2025	2024
2023 Road	$ 4,815,000	$ 4,910,000
2024	9,250,000	
2024 Road	12,585,000	
	$ 26,650,000	$ 4,910,000

During the current fiscal year, the District issued $9,250,000 in unlimited tax water, sanitary sewer and drainage bonds and $12,585,000 in unlimited tax road bonds. At June 30, 2025, the District had $790,750,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and $400,000,000 for the refunding of such bonds; $320,505,000 for road improvements and $169,000,000 for the refunding of such bonds; and $63,000,000 for parks and recreational facilities and $31,500,000 for the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately $191,022,000 for the 2025 tax year from $228,714,856 to $419,737,278. This increase was primarily due to new construction in the District. For the 2025 tax year, the District has levied a maintenance tax rate of $0.33 per $100 of assessed value, a water, sewer and drainage debt service tax rate of $0.15 per $100 of assessed value and a road debt service tax rate of $0.69 per $100 of assessed value for a total combined tax rate of $1.17 per $100 of assessed value. Tax rates for the 2024 tax year were $0.55 per $100 for maintenance and operations, $0.22 per $100 for water, sewer and drainage debt service and $0.40 per $100 for road debt service for a combined total of $1.17 per $100 of assessed value.

Next Year's Budget

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

	2025 Actual	2026 Budget
Total revenues	$ 6,172,098	$ 7,470,222
Total expenditures	(10,070,295)	(6,544,460)
Revenues over/(under) expenditures	(3,898,197)	925,762
Other changes in fund balance	4,453,555	
Net change in fund balance	555,358	925,762
Beginning fund balance	(197,829)	357,529
Ending fund balance	$ 357,529	$ 1,283,291

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Basic Financial Statements

Fort Bend County Municipal Utility District No. 222
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	$ 892,560	$ 102,722	$ -	$ 995,282
Investments	168,283	1,548,894	758,206	2,475,383
Taxes receivable	28,395	39,177		67,572
Customer service receivables	323,125			323,125
Internal balances	23,311	(4,311)	(19,000)	
Prepaid items	158,360			158,360
Due from other governments	32,868			32,868
Prepaid bond insurance, net				
Capital assets not being depreciated				
Capital assets, net				
Total Assets	$ 1,626,902	$ 1,686,482	$ 739,206	$ 4,052,590
Liabilities				
Accounts payable	$ 772,855	$ -	$ -	$ 772,855
Other payables	3,633	18,739		22,372
Customer deposits	178,225			178,225
Unearned revenue	286,265			286,265
Due to other governments		26,936		26,936
Due to developer				
Lease obligations				
Due within one year				
Due after one year				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	1,240,978	45,675		1,286,653
Deferred Inflows of Resources				
Deferred property taxes	28,395	39,177		67,572
Fund Balances/Net Position				
Fund Balances				
Nonspendable	158,360			158,360
Restricted		1,601,630	739,206	2,340,836
Unassigned	199,169			199,169
Total Fund Balances	357,529	1,601,630	739,206	2,698,365
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 1,626,902	$ 1,686,482	$ 739,206	$ 4,052,590
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 995,282
	2,475,383
	67,572
	323,125
	158,360
	32,868
379,680	379,680
12,182,050	12,182,050
52,139,862	52,139,862
64,701,592	68,754,182
	772,855
	22,372
	178,225
	286,265
	26,936
96,971,378	96,971,378
283,135	283,135
5,671,539	5,671,539
565,000	565,000
26,085,000	26,085,000
129,576,052	130,862,705
(67,572)	
(158,360)	
(2,340,836)	
(199,169)	
(2,698,365)	
(6,687,580)	(6,687,580)
1,640,807	1,640,807
(57,061,750)	(57,061,750)
$ (62,108,523)	$ (62,108,523)

Fort Bend County Municipal Utility District No. 222
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	$ 927,013	$ -	$ -	$ 927,013
Sewer service	522,546			522,546
Property taxes	1,288,118	1,428,188		2,716,306
Penalties and interest	82,417	16,807		99,224
Regional water authority fees	1,026,598			1,026,598
Tap connection and inspection	2,295,351			2,295,351
Miscellaneous	19,284	70		19,354
Investment earnings	10,771	69,738	37,691	118,200
Total Revenues	6,172,098	1,514,803	37,691	7,724,592
Expenditures/Expenses				
Current service operations				
Purchased services	1,795,755			1,795,755
Professional fees	212,552		28,250	240,802
Contracted services	740,216	32,113		772,329
Repairs and maintenance	1,459,066			1,459,066
Utilities	24,606			24,606
Administrative	159,443	4,114		163,557
Other	1,000			1,000
Capital outlay	5,452,057		17,377,246	22,829,303
Debt service				
Principal		95,000		95,000
Interest and fees		1,085,826		1,085,826
Developer interest			1,545,212	1,545,212
Debt issuance costs			1,108,787	1,108,787
Lease - principal	82,852			82,852
Lease - interest	142,748			142,748
Depreciation/amortization				
Total Expenditures/Expenses	10,070,295	1,217,053	20,059,495	31,346,843
Revenues Over (Under) Expenditures/Expenses	(3,898,197)	297,750	(20,021,804)	(23,622,251)
Other Financing Sources/(Uses)				
Proceeds from sale of bonds		975,125	20,859,875	21,835,000
Lease financing	4,414,152			4,414,152
Developer advances	97,000			97,000
Repayment of operating advances			(108,000)	(108,000)
Internal transfers	(57,597)	57,597		
Other Items				
Transfers to other governments				
Net Change in Fund Balances	555,358	1,330,472	730,071	2,615,901
Change in Net Position				
Fund Balance/Net Position				
Beginning of the year	(197,829)	271,158	9,135	82,464
End of the year	$ 357,529	$ 1,601,630	$ 739,206	$ 2,698,365

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 927,013
	522,546
(36,507)	2,679,799
(4,513)	94,711
	1,026,598
	2,295,351
	19,354
	118,200
(41,020)	7,683,572
	1,795,755
	240,802
	772,329
	1,459,066
	24,606
	163,557
	1,000
(22,829,303)	
(95,000)	
15,820	1,101,646
	1,545,212
(395,500)	713,287
(82,852)	
	142,748
1,588,316	1,588,316
(21,798,519)	9,548,324
21,757,499	(1,864,752)
(21,835,000)	
(4,414,152)	
(97,000)	
108,000	
(35,618,341)	(35,618,341)
(2,615,901)	
(37,483,093)	(37,483,093)
(24,707,894)	(24,625,430)
$ (64,806,888)	$ (62,108,523)

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 222 (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 4675, 86th Texas Legislature, Regular Session, codified at Chapter 8076, Texas Special District Local Laws Code, effective June 10, 2019 and operates in accordance with Article VI, and Section 59, and Article III, Section 52, of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code. The Board of Directors held its first meeting on August 16, 2021, and the first bonds were issued on February 17, 2023.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Use of Restricted Resources

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

Prepaid Items

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

Prepaid Bond Insurance

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

Receivables

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

Unbilled Service Revenues

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

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is $50,000. The threshold for subscription-based information technology arrangements (SBITAs) is $250,000.

Capital assets are recorded at historical cost or estimated historical cost. Right-to-use leased assets are valued at the present value of future lease payments. 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.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10-45 years
Right-to-use leased assets	5 years

The District's detention facilities are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to Fort Bend County and City of Fulshear 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 Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 2,698,365
Prepaid bond insurance is recorded as an expenditure at the fund level, but is recorded as a prepaid asset and amortized to interest expense over the life of the bonds in the government-wide statements.		379,680
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 66,990,686	
Less accumulated depreciation	(2,668,774)	
		64,321,912
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Lease obligations	(5,954,674)	
Due to developer	(96,971,378)	
Bonds payable	(26,650,000)	
		(129,576,052)
Deferred inflows in the fund statements consist of property taxes and related penalties and interest 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.		67,572
Total net position - governmental activities		$ (62,108,523)

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

Net change in fund balances - total governmental funds		$ 2,615,901
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		(41,020)
Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:		
Capital outlays	$ 22,829,303	
Transfers to other governments	(35,618,341)	
Depreciation/amortization expense	(1,588,316)	
		(14,377,354)
Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:		
Lease financing	(4,414,152)	
Principal payments - leases	82,852	
Principal payments - bonds	95,000	
Interest expense accrual	(15,820)	
Prepaid bond insurance	395,500	
Issuance of long-term debt	(21,835,000)	
Developer advances	(97,000)	
Repayment of developer advances	108,000	
		(25,680,620)
Change in net position of governmental activities		$ (37,483,093)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

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

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	$ 168,283		
	Debt Service	1,548,894		
	Capital Projects	758,206		
		$ 2,475,383	AAAm	48 days

TexSTAR

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

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

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 4,311	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	19,000	Debt issuance costs paid by the General Fund

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

During the current year, the District recognized an internal transfer in the amount of $57,597 from the General Fund to the Debt Service Fund for the amount of maintenance and operations tax collections used to finance costs associated with the assessment and collection of property taxes in both the current year and prior year.

Note 5 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Retirements	Ending Balances
Capital assets not being depreciated				
Land and improvements	$ 12,182,050	$ -	$ -	$ 12,182,050
Capital assets being depreciated/amortized				
Infrastructure	32,089,826	20,785,579	(4,110,870)	48,764,535
Right to use leased assets	1,629,949	4,414,152		6,044,101
	33,719,775	25,199,731	(4,110,870)	54,808,636
Less accumulated depreciation/amortization				
Infrastructure	(1,144,645)	(1,262,326)	91,353	(2,315,618)
Right to use leased assets	(27,166)	(325,990)		(353,156)
	(1,171,811)	(1,588,316)	91,353	(2,668,774)
Subtotal depreciable capital assets, net	32,547,964	23,611,415	(4,019,517)	52,139,862
Capital assets, net	$ 44,730,014	$ 23,611,415	$ (4,019,517)	$ 64,321,912

Depreciation/amortization expense for the current fiscal year was $1,588,316.

During the current year, the District transferred ownership of Tamarron West Water Plant No. 1 to the City of Fulshear under the Utility Agreement discussed in Note 11. Accordingly, the District reduced its capital assets by $4,019,517, representing the net book value of the water plant.

Note 6 – 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.

A developer in the District has 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	$ 63,013,126
Developer reimbursements	(17,377,247)
Developer funded construction and adjustments	51,346,499
Operating advances from developers	97,000
Repayment of operating advances	(108,000)
Due to developers, end of year	$ 96,971,378

In addition, the District will owe the developers approximately $37,740,000, 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*
Tammaron Parkway Street Dedication Section 2 and 3 - utilities and paving	$ 4,100,000
Tammaron Crossing Street Dedication Section 1A - utilities and paving	1,250,000
Tammaron Crossing Street Dedication Section 1B - utilities and paving	2,570,000
Tammaron Crossing Street Dedication Section 2 - utilities and paving	3,300,000
Tammaron Crossing Street Dedication Section 3 - utilities and paving	1,890,000
Tamarron Point Street Dedication Section 8 - utilities and paving	2,360,000
Tamarron West Section 14, 17 and 18 - utilities	4,220,000
Tamarron West Section 14 and 18 - paving	2,590,000
Tamarron West Mass Grading and Detention Phase IIIB	4,720,000
Tammaron West Section 17 - paving	1,120,000
Raymond Franz Parkway - utilities and paving	1,860,000
Tamarron West Section 22A and 22B - utilities and paving	3,990,000
Tamarron West Section 23 and 24A - utilities	3,770,000
	$ 37,740,000

* Rounded to the nearest $10,000.

Note 7 – Lease Obligations

The District has entered into multiple equipment lease agreements for interim wastewater treatment plants. The terms of certain of these leases resulted in the recognition of right-to-use leased assets and lease obligations in the government-wide statements measured at the present value of future lease payments.

The following table summarizes the key terms of the District's lease obligations:

Description	Remaining Balance	Original Liability	Monthly Payment	Commencement Date	Term	Interest Rate
WWTP, Phase 1	$ 1,629,949	$ 1,629,949	$ 18,800	June 1, 2024	5 years	9.0%
WWTP, Phase 2	4,414,152	4,414,152	60,380	*November 1, 2025	5 years	12.5%
	$ 6,044,101					

*Expected commencement date.

Annual requirements to amortize long-term lease obligations and related interest are as follows:

Year Ended	Principal	Interest	Total
2026	$ 283,135	$ 485,885	$ 769,020
2027	318,587	631,573	950,160
2028	356,328	593,832	950,160
2029	1,522,380	551,521	2,073,901
2030	316,334	409,226	725,560
2031	3,157,910	127,209	3,285,119
	$ 5,954,674	$ 2,799,246	$ 8,753,920
Due within one year	$ 283,135	$ 485,885	$ 769,020

Annual lease obligations for Wastewater Treatment Plant Phase 2 are based on an estimated commencement date of November 2025.

All leases contain standard lease terms that state that the leases shall automatically be extended on a month-to month basis after the initial term of the lease, unless otherwise terminated. The District has the option to purchase both leases after the initial term of the leases.

The District is responsible for all ordinary expenses related to repairing and maintaining the equipment under all leases.

The allocation of lease payments between principal and interest for the current fiscal year is as follows:

Description	Annual Payment	Principal	Interest
Phase 1	$ 225,600	$ 82,852	$ 142,748

Wastewater Treatment Plant Phase 2 is expected to begin operations in November 2025. As a result, the District did not recognize any expenditures for principal or interest during the current year.

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 26,650,000
Due within one year	$ 565,000

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

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2023 Road	$ 4,815,000	$ 4,910,000	4.00% - 5.00%	July 1, 2025/2048	January 1, July 1	July 1, 2029
2024	9,250,000	9,250,000	4.00% - 6.50%	July 1, 2026/2049	January 1, July 1	July 1, 2030
2024 Road	12,585,000	12,585,000	4.00% - 6.50%	July 1, 2026/2049	January 1, July 1	July 1, 2030
	$ 26,650,000					

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

At June 30, 2025, the District had authorized but unissued bonds in the amount of $790,750,000 for water, sewer and drainage facilities and $400,000,000 for the refunding of such bonds; $320,505,000 for road improvements and $169,000,000 for the refunding of such bonds; and $63,000,000 for park and recreational facilities and $31,500,000 for the refunding of such bonds.

On July 11, 2024, the District issued its $9,250,000 Series 2024 Unlimited Tax Bonds at a net effective interest rate of 4.494915%. Proceeds of the bonds were used to (1) to reimburse developers for the construction of capital assets within the District, engineering and operating advances, (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

On September 11, 2024, the District issued its $12,585,000 Series 2024 Unlimited Tax Road Bonds at a net effective interest rate of 4.233396%. Proceeds of the bonds were used to (1) to reimburse developers for the construction of capital assets within the District; engineering and the acquisition of land for certain District facilities, (2) to pay developer interest at the net effective interest rate of the bonds and (3) to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	$ 4,910,000
Bonds issued	21,835,000
Bonds retired	(95,000)
Bonds payable, end of year	$ 26,650,000

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

Year	Principal	Interest	Totals
2026	$ 565,000	$ 1,198,300	$ 1,763,300
2027	600,000	1,163,075	1,763,075
2028	630,000	1,125,725	1,755,725
2029	660,000	1,086,500	1,746,500
2030	705,000	1,045,400	1,750,400
2031	740,000	1,001,525	1,741,525
2032	785,000	957,700	1,742,700
2033	830,000	919,800	1,749,800
2034	870,000	886,600	1,756,600
2035	925,000	851,388	1,776,388
2036	970,000	813,950	1,783,950
2037	1,025,000	774,225	1,799,225
2038	1,080,000	732,250	1,812,250
2039	1,145,000	688,025	1,833,025
2040	1,200,000	641,125	1,841,125
2041	1,270,000	590,888	1,860,888
2042	1,335,000	537,705	1,872,705
2043	1,415,000	481,207	1,896,207
2044	1,490,000	421,319	1,911,319
2045	1,575,000	358,244	1,933,244
2046	1,665,000	290,856	1,955,856
2047	1,755,000	219,587	1,974,587
2048	1,850,000	144,438	1,994,438
2049	1,565,000	65,206	1,630,206
	$ 26,650,000	$ 16,995,038	$ 43,645,038

Note 9 – Property Taxes

On November 12, 2021, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value, a road maintenance tax limited to $1.50 per $100 of assessed value and a park maintenance tax limited to $0.10 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of $1.17 per $100 of assessed value, of which $0.55 was allocated to maintenance and operations, $0.22 was allocated to water, sewer and drainage debt service and $0.40 was allocated to road debt service. The resulting tax levy was $2,675,964 on the adjusted taxable value of $228,714,856.

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

Current year taxes receivable	$ 49,895
Prior years taxes receivable	8,027
	57,922
Penalty and interest receivable	9,650
Property taxes receivable	$ 67,572

Note 10 – Transfers to Other Governments

The District entered into an agreement with the City of Fulshear (the "City") requiring the District to construct certain water supply facilities that will serve both the District and the City, and to convey title of those facilities to the City upon completion (Note 11). Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developers are reimbursed. For the year ended June 30, 2025, the District recorded transfers to other governments in the amount of $35,618,341 for capital assets constructed by the developers within the District.

Note 11 – Utility Agreement with the City of Fulshear

On December 18, 2020, a developer entered into a Water and Wastewater Facilities Agreement (the Utility Agreement") with the City of Fulshear (the "City"), which was assigned to the District on August 16, 2021, subsequently amended and restated November 14, 2023, July 16, 2024, and October 15, 2024. Pursuant to the Utility Agreement, wholesale water supply is provided to the District by the City. The costs of constructing water supply facilities are payable by the District to the City in the form of impact fees. The City has agreed to timely provide the wholesale water services needed to serve the District and to expand the City's water supply facilities from time to time; however, if the City is unable to timely provide the wholesale water services needed by the District to serve its customers, the District may construct such water supply facilities for conveyance to the City for maintenance and operation and receive a credit towards water impact fees payable to the City. The City has provided commitments to provide water supply capacity adequate to serve 1,000 equivalent single-family connections ("ESFCs"). Pursuant to the terms of the Utility Agreement, the City bills the District directly for water supply services and the District bills residents and customers at retail rates. The District pays 110% of the City's retail water rates on a per connection basis. During the current year, the District recognized $1,768,468 in purchased water services.

The amended and restated Utility Agreement also addresses wastewater treatment facilities. Under this agreement, the sanitary sewer treatment plant will be constructed as a permanent facility and will have a capacity of 1.5 million gallons per day, with the District's pro-rata share being 66.1% and the City's share being 33.9%. The District is responsible for designing, constructing, owning, and operating the plant, while the City will pay its proportional share of the construction, land, and maintenance costs based on its ownership percentage. If the City elects to expand the plant's capacity in the future, it will be solely responsible for the associated expansion costs. The District is required to operate the plant efficiently, maintain a three-month operating reserve, and provide monthly regulatory compliance reports to the City.

Note 12 – Agreement for Interim Wastewater Treatment Services

On May 1, 2023, Fort Bend County Municipal Utility District No. 188 ("MUD 188") and Fort Bend County Municipal Utility District No. 182 ("MUD 182"), collectively the "Plant Districts", and the District entered into an agreement for which the Plant Districts agree to receive wastewater generated within the boundaries of the District. Under the agreement, the District will pay monthly (1) capital payments in the amount of $27.10 per equivalent single-family connections and (2) the District's pro rata share of operational expenses (as defined in the Joint Wastewater Plant Agreement). The Agreement ended on October 1, 2024. During the current year, the District paid $27,287 for purchased sewer services.

Note 13 – 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 14 – Subsequent Event

On August 12, 2025, the District issued its $25,000,000 Series 2025 Unlimited Tax Road Bonds at a net effective rate of 4.893136%. Proceeds from the bonds were used to reimburse the District's developers for the construction of road improvements in the District, associated land acquisition costs, and to pay capitalized interest into the Debt Service Fund.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 222
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	$ 438,000	$ 1,250,000	$ 927,013	$ (322,987)
Sewer service	217,500	475,000	522,546	47,546
Property taxes	764,942	1,250,000	1,288,118	38,118
Penalties and interest	38,500	105,000	82,417	(22,583)
Tap connection and inspection	600,000	1,600,000	2,295,351	695,351
Regional water authority fees	475,000	950,000	1,026,598	76,598
Miscellaneous			19,284	19,284
Investment earnings	16,500	13,500	10,771	(2,729)
Total Revenues	2,550,442	5,643,500	6,172,098	528,598
Expenditures				
Current service operations				
Purchased services	583,830	1,713,389	1,795,755	(82,366)
Professional fees	140,000	215,000	212,552	2,448
Contracted services	300,723	488,699	740,216	(251,517)
Repairs and maintenance	364,080	1,006,200	1,459,066	(452,866)
Utilities	16,000	16,000	24,606	(8,606)
Administrative	77,547	136,693	159,443	(22,750)
Other	5,000	5,000	1,000	4,000
Capital outlay	525,000	1,300,000	5,452,057	(4,152,057)
Debt service				
Lease - interest			142,748	(142,748)
Lease - principal	112,800	225,600	82,852	142,748
Total Expenditures	2,124,980	5,106,581	10,070,295	(4,963,714)
Revenues Over/(Under) Expenditures	425,462	536,919	(3,898,197)	(4,435,116)
Other Financing Sources/(Uses)				
Lease financing			4,414,152	4,414,152
Developer advances			97,000	97,000
Internal transfers			(57,597)	(57,597)
Net Change in Fund Balance	425,462	536,919	555,358	18,439
Fund Balance				
Beginning of the year	(197,829)	(197,829)	(197,829)	
End of the year	$ 227,633	$ 339,090	$ 357,529	$ 18,439

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

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

[X] Retail Water	[ ] Wholesale Water	[X] Solid Waste / Garbage	[X] Drainage
[X] Retail Wastewater	[ ] Wholesale Wastewater	[ ] Flood Control	[ ] Irrigation
[ ] Parks / Recreation	[ ] Fire Protection	[X] Roads	[ ] Security

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
[ ] Other (Specify): ______

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 18.00	10,000	N	$ 1.20	10,001	to	15,000
				$ 1.50	15,001	to	20,000
				$ 1.75	20,001	to	25,000
				$ 2.00	25,001	to	no limit
Wastewater:	$ 35.00	-0-	Y			to	
NFBWA fee:	$ 5.01	-0-	N	$ 5.01	0	to	no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 68.10 Wastewater $ 35.00

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"	1,757	1,716	x 1.0	1,716
1"			x 2.5	
1.5"	1	1	x 5.0	5
2"	37	37	x 8.0	296
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	1,795	1,754		2,017
Total Wastewater	1,759	1,718	x 1.0	1,718

See accompanying auditor's report.

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

Gallons pumped into system:	85,973,000	Water Accountability Ratio: (Gallons billed / Gallons pumped & purchased)
*Gallons purchased:	117,734,000	
Gallons billed to customers:	200,969,000	98.66%

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

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

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

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

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

5. Location of District

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

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

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

City(ies) in which the District is located: ______

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which the District is located: City of Fulshear

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

If Yes, by whom? ______

* Purchased from the City of Fulshear

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-2. General Fund Expenditures
For the Year Ended June 30, 2025

Purchased services	
Purchased water	$ 1,768,468
Purchased sewer	27,287
	1,795,755
Professional fees	
Legal	142,160
Audit	15,000
Engineering	55,392
	212,552
Contracted services	
Bookkeeping	24,200
Operator	86,066
Garbage collection	314,585
Inspection	315,365
	740,216
Repairs and maintenance	1,459,066
Utilities	24,606
Administrative	
Directors fees	12,622
Printing and office supplies	96,839
Insurance	45,869
Other	4,113
	159,443
Other	1,000
Capital outlay	5,452,057
Debt service	
Lease - interest	142,748
Lease - principal	82,852
	225,600
Total expenditures	$ 10,070,295

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-3. Investments
June 30, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexSTAR	Variable	N/A	$ 168,283
Debt Service			
TexSTAR	Variable	N/A	1,077,917
TexSTAR	Variable	N/A	470,977
			1,548,894
Capital Projects			
TexSTAR	Variable	N/A	51,463
TexSTAR	Variable	N/A	706,743
			758,206
Total - All Funds			$ 2,475,383

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-4. Taxes Levied and Receivable
June 30, 2025

	Maintenance Taxes	WSD Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 58,111	$ -	$ 36,317	$ 94,428
Adjustments to Prior Year Tax Levy	431		(440)	(9)
Adjusted Receivable	58,542		35,877	94,419
2024 Original Tax Levy	1,198,685	479,474	871,771	2,549,930
Adjustments	59,246	23,700	43,088	126,034
Adjusted Tax Levy	1,257,931	503,174	914,859	2,675,964
Total to be accounted for	1,316,473	503,174	950,736	2,770,383
Tax collections:				
Current year	1,234,476	493,790	897,803	2,626,069
Prior years	53,602		32,790	86,392
Total Collections	1,288,078	493,790	930,593	2,712,461
Taxes Receivable, End of Year	$ 28,395	$ 9,384	$ 20,143	$ 57,922
Taxes Receivable, By Years				
2024	$ 23,455	$ 9,384	$ 17,056	$ 49,895
2023	4,940		3,087	8,027
Taxes Receivable, End of Year	$ 28,395	$ 9,384	$ 20,143	$ 57,922

	2024	2023	2022	2021
Property Valuations:				
Land	$ 101,762,490	$ 55,965,646	$ 32,546,753	$ 27,442,038
Improvements	141,428,125	31,255,781	485,000	413,780
Personal Property	511,276	186,183	137,480	
Exemptions	(14,987,035)	(3,402,050)	(2,821,454)	(9,985,390)
Total Property Valuations	$ 228,714,856	$ 84,005,560	$ 30,347,779	$ 17,870,428
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.55	$ 0.72	$ 1.17	$ 1.27
WSD debt service tax rates	0.22			
Road debt service tax rates	0.40	0.45		
Total Tax Rates per $100 Valuation	$ 1.17	$ 1.17	$ 1.17	$ 1.27
Adjusted Tax Levy:	$ 2,675,964	$ 982,865	$ 355,069	$ 226,954
Percentage of Taxes Collected to Taxes Levied **	98.14%	99.18%	100%	100%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 12, 2021

* Maximum Road Maintenance Tax Rate Approved by Voters: $1.50 on November 12, 2021

* Maximum Parks and Recreational Maintenance Tax Rate Approved by Voters: $0.10 on November 12, 2021

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

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-5. Long-Term Debt Service Requirements
Series 2023 Road--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due July 1	Interest Due January 1, July 1	Total
2026	$ 100,000	$ 223,175	$ 323,175
2027	110,000	218,175	328,175
2028	115,000	212,675	327,675
2029	120,000	206,925	326,925
2030	130,000	200,925	330,925
2031	135,000	194,425	329,425
2032	145,000	189,025	334,025
2033	155,000	183,225	338,225
2034	165,000	177,025	342,025
2035	175,000	170,013	345,013
2036	185,000	162,575	347,575
2037	195,000	154,250	349,250
2038	205,000	145,475	350,475
2039	220,000	136,250	356,250
2040	230,000	126,350	356,350
2041	245,000	115,425	360,425
2042	260,000	103,787	363,787
2043	275,000	91,438	366,438
2044	290,000	78,375	368,375
2045	310,000	64,600	374,600
2046	330,000	49,875	379,875
2047	350,000	34,200	384,200
2048	370,000	17,575	387,575
	$ 4,815,000	$ 3,255,763	$ 8,070,763

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-5. Long-Term Debt Service Requirements
Series 2024--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due July 1	Interest Due January 1, July 1	Total
2026	$ 180,000	$ 424,625	$ 604,625
2027	195,000	412,925	607,925
2028	205,000	400,250	605,250
2029	215,000	386,925	601,925
2030	230,000	372,950	602,950
2031	245,000	358,000	603,000
2032	260,000	342,075	602,075
2033	275,000	325,175	600,175
2034	290,000	314,175	604,175
2035	310,000	302,575	612,575
2036	325,000	290,175	615,175
2037	345,000	277,175	622,175
2038	365,000	263,375	628,375
2039	390,000	248,775	638,775
2040	410,000	233,175	643,175
2041	435,000	216,263	651,263
2042	460,000	198,318	658,318
2043	490,000	178,769	668,769
2044	520,000	157,944	677,944
2045	550,000	135,844	685,844
2046	585,000	111,781	696,781
2047	620,000	86,187	706,187
2048	655,000	59,063	714,063
2049	695,000	30,406	725,406
	$ 9,250,000	$ 6,126,925	$ 15,376,925

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-5. Long-Term Debt Service Requirements
Series 2024 Road--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due July 1	Interest Due January 1, July 1	Total
2026	$ 285,000	$ 550,500	$ 835,500
2027	295,000	531,975	826,975
2028	310,000	512,800	822,800
2029	325,000	492,650	817,650
2030	345,000	471,525	816,525
2031	360,000	449,100	809,100
2032	380,000	426,600	806,600
2033	400,000	411,400	811,400
2034	415,000	395,400	810,400
2035	440,000	378,800	818,800
2036	460,000	361,200	821,200
2037	485,000	342,800	827,800
2038	510,000	323,400	833,400
2039	535,000	303,000	838,000
2040	560,000	281,600	841,600
2041	590,000	259,200	849,200
2042	615,000	235,600	850,600
2043	650,000	211,000	861,000
2044	680,000	185,000	865,000
2045	715,000	157,800	872,800
2046	750,000	129,200	879,200
2047	785,000	99,200	884,200
2048	825,000	67,800	892,800
2049	870,000	34,800	904,800
	$ 12,585,000	$ 7,612,350	$ 20,197,350

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2025

Due During Fiscal Years Ending	Principal Due July 1	Interest Due January 1, July 1	Total
2026	$ 565,000	$ 1,198,300	$ 1,763,300
2027	600,000	1,163,075	1,763,075
2028	630,000	1,125,725	1,755,725
2029	660,000	1,086,500	1,746,500
2030	705,000	1,045,400	1,750,400
2031	740,000	1,001,525	1,741,525
2032	785,000	957,700	1,742,700
2033	830,000	919,800	1,749,800
2034	870,000	886,600	1,756,600
2035	925,000	851,388	1,776,388
2036	970,000	813,950	1,783,950
2037	1,025,000	774,225	1,799,225
2038	1,080,000	732,250	1,812,250
2039	1,145,000	688,025	1,833,025
2040	1,200,000	641,125	1,841,125
2041	1,270,000	590,888	1,860,888
2042	1,335,000	537,705	1,872,705
2043	1,415,000	481,207	1,896,207
2044	1,490,000	421,319	1,911,319
2045	1,575,000	358,244	1,933,244
2046	1,665,000	290,856	1,955,856
2047	1,755,000	219,587	1,974,587
2048	1,850,000	144,438	1,994,438
2049	1,565,000	65,206	1,630,206
	$ 26,650,000	$ 16,995,038	$ 43,645,038

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-6. Change in Long-Term Bonded Debt
June 30, 2025

	Bond Issue			
	Series 2023 Road	Series 2024	Series 2024 Road	Totals
Interest rate	4.00% - 5.00%	4.00% - 6.50%	4.00% - 6.50%	
Dates interest payable	1/1; 7/1	1/1; 7/1	1/1; 7/1	
Maturity dates	7/1/25 - 7/1/48	7/1/26 - 7/1/49	7/1/26 - 7/1/49	
Beginning bonds outstanding	$ 4,910,000	$ -	$ -	$ 4,910,000
Bonds issued		9,250,000	12,585,000	21,835,000
Bonds retired	(95,000)			(95,000)
Ending bonds outstanding	$ 4,815,000	$ 9,250,000	$ 12,585,000	$ 26,650,000
Interest paid during fiscal year	$ 227,925	$ 412,830	$ 443,458	$ 1,084,213
Paying agent's name and city All Series	Regions Bank, Houston, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Road Bonds	Park Facitlities Bonds
Amount Authorized by Voters	$ 800,000,000	$ 338,000,000	$ 63,000,000
Amount Issued	(9,250,000)	(17,495,000)	
Remaining To Be Issued	$ 790,750,000	$ 320,505,000	$ 63,000,000

Bond Authority:	Water, Sewer and Drainage Refunding Bonds	Road Refunding Bonds	Park Facilities Refunding Bonds
Amount Authorized by Voters	$ 400,000,000	$ 169,000,000	$ 31,500,000
Amount Issued			
Remaining To Be Issued	$ 400,000,000	$ 169,000,000	$ 31,500,000

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

Debt Service Fund cash and investments balance as of June 30, 2025:	$ 1,651,616
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,818,543

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 222
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Four Fiscal Years

	Amounts			
	2025	2024	2023	2022**
Revenues				
Water service	$ 927,013	$ 434,459	$ 91,887	$ -
Sewer service	522,546	266,810	105,111	
Property taxes	1,288,118	542,613	471,187	120,249
Penalties and interest	82,417	46,484	18,969	
Regional water authority fees	1,026,598	632,618	157,419	
Tap connection and inspection	2,295,351	1,050,333	829,278	171,363
Miscellaneous	19,284	4,713	938	
Investment earnings	10,771	18,149	4,243	2
Total Revenues	6,172,098	2,996,179	1,679,032	291,614
Expenditures				
Current service operations				
Purchased services	1,795,755	1,400,463	232,340	
Professional fees	212,552	198,149	108,749	79,864
Contracted services	740,216	346,705	754,100	78,541
Repairs and maintenance	1,459,066	820,358	432,229	25,785
Utilities	24,606	13,892	8,341	
Administrative	159,443	76,884	42,295	13,317
Other	1,000		1,955	
Capital outlay				
Capital outlay	1,037,905	619,887		
Right-to-use lease asset	4,414,152		1,629,949	
Debt service				
Lease - principal	82,852	6,575		
Lease - interest	142,748	12,225		
Total Expenditures	10,070,295	3,495,138	3,209,958	197,507
Revenues Over/(Under) Expenditures	$ (3,898,197)	$ (498,959)	$ (1,530,926)	$ 94,107
Total Active Retail Water Connections	1,754	971	461	N/A
Total Active Retail Wastewater Connections	1,718	942	445	N/A

*Percentage is negligible
**Unaudited
See accompanying auditor's report.

Percent of Fund Total Revenues			
2025	2024	2023	2022**
15%	15%	5%	
8%	9%	6%	
21%	18%	29%	41%
1%	2%	1%	
17%	21%	9%	
38%	34%	50%	59%
*	*	*	
*	1%	*	*
100%	100%	100%	100%
29%	47%	14%	
3%	7%	6%	27%
12%	12%	45%	27%
24%	27%	26%	9%
*	*	*	
3%	3%	3%	5%
*		*	
	21%		
72%		97%	
1%	*		
2%	*		
146%	117%	191%	68%
(46%)	(17%)	(91%)	32%

Fort Bend County Municipal Utility District No. 222
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Three Fiscal Years

	Amounts		
	2025	2024	2023
Revenues			
Property taxes	$ 1,428,188	$ 346,076	$ -
Penalties and interest	16,807	11,169	
Miscellaneous	70	160	
Investment earnings	69,738	11,019	2,688
Total Revenues	1,514,803	368,424	2,688
Expenditures			
Tax collection services	36,227	14,309	
Debt service			
Principal	95,000		
Interest and fees	1,085,826	228,731	84,839
Total Expenditures	1,217,053	243,040	84,839
Revenues Over/(Under) Expenditures	$ 297,750	$ 125,384	$ (82,151)

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues		
2025	2024	2023
94%	94%	
1%	3%	
*	*	
5%	3%	100%
100%	100%	100%
2%	4%	
6%		
72%	62%	3156%
80%	66%	3156%
20%	34%	(3,056%)

Fort Bend County Municipal Utility District No. 222
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2025

Complete District Mailing Address:	9 Greenway Plaza, Suite 1000, Houston, Texas 77046	
District Business Telephone Number:	(713) 651-0111	
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 1, 2024	
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)		$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
Tim Williamson	05/22 to 05/26	$ 1,547	$ -	President
Scott Hooper	05/24 to 05/28	2,431	450	Vice President
Sarah Hall	05/24 to 05/28	1,989	280	Secretary
Ed Hirt	05/22 to 05/26	2,431		Assistant Secretary
William Wiesepape	05/24 to 05/28	2,210		Assistant Secretary
		Amounts Paid		
Consultants				
Coats Rose, P.C.	2021			Attorney
General legal fees		$ 101,386		
Bond counsel		333,648		
Si Environmental, LLC	2021	2,375,204		Operator
Myrtle Cruz, Inc.	2021	25,977		Bookkeeper
Assesments of the Southwest	2021	20,024		Tax Collector
Fort Bend Central Appraisal District	Legislation	121,259		Property Valuation
Coats Rose, P.C.	2021	19,530		Delinquent Tax Attorney
Quiddity Engineering	2021	62,084		Engineer
McGrath & Co., PLLC	2021	33,750		Auditor
Tierra Financial Advisors, LLC	2021	276,853		Financial Advisor

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

See accompanying auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
28 Liberty Street, 59th Floor
New York, New York 10005
Telecopy:
212-962-1524 (attention: Claims)