OFFICIAL STATEMENT DATED NOVEMBER 10, 2021

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" and "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District did not designate the Bonds 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" (Stable Outlook)
Moody's Investors Service, Inc. (Underlying).....................“A3”

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 182

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

$23,300,000
Unlimited Tax Bonds
Series 2021

$4,075,000
Unlimited Tax Road Bonds
Series 2021

Dated: December 1, 2021

Due: September 1, as shown on the inside cover

The $23,300,000 Unlimited Tax Bonds, Series 2021 (the "Utility Bonds") and the $4,075,000 Unlimited Tax Road Bonds, Series 2021 (the "Road Bonds") are obligations solely of Fort Bend County Municipal Utility District No. 182 (the "District") and are not obligations of Fort Bend County, Texas (the "County"); the City of Fulshear, Texas (the "City"); the State of Texas ("Texas"); or any entity other than the District. The Utility Bonds and the Road Bonds are collectively referred to herein as the "Bonds." Neither the full faith and credit nor the taxing power of the County; the City; Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

Interest on the Bonds accrues from December 1, 2021, and is payable on March 1, 2022, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption and will be calculated on the basis of a 360-day year composed of 12 30-day months.

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

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

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

The Utility Bonds constitute the fifth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing water, wastewater, and drainage infrastructure to serve the District, and the Road Bonds constitute the second series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing road infrastructure to serve the District. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment."

Prospective purchasers should review this entire Official Statement, including particularly the section entitled "INVESTMENT CONSIDERATIONS," before making an investment decision.

The Bonds are offered, when, as, and if issued by the District and accepted by the winning bidders of the Bonds (the "Initial Purchasers"), subject, among other things, to the approval of the Attorney General of Texas and of Coats Rose, P.C., Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 14, 2021.

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

$23,300,000 Unlimited Tax Bonds, Series 2021

$12,600,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34682B (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34682B (b)
2022	$ 835,000	3.000%	0.300%	FH7	2030 (c)	$ 815,000	1.500%	1.700%	FR5
2023	675,000	3.000%	0.400%	FJ3	***	***	***	***	***
2024	690,000	3.000%	0.600%	FK0	2034 (c)	910,000	2.000%	2.150%	FV6
2025	710,000	3.000%	0.750%	FL8	2035 (c)	930,000	2.000%	2.250%	FW4
2026	730,000	2.000%	0.900%	FM6	2036 (c)	960,000	2.125%	2.350%	FX2
2027 (c)	750,000	1.000%	1.100%	FN4	2037 (c)	985,000	2.250%	2.400%	FY0
2028 (c)	770,000	1.000%	1.300%	FP9	2038 (c)	1,010,000	2.250%	2.450%	FZ7
2029 (c)	790,000	1.250%	1.500%	FQ7	2039 (c)	1,040,000	2.375%	2.500%	GA1

$10,700,000 Term Bonds

$2,580,000 Term Bonds Due September 1, 2033 (c)(d), Interest Rate: 2.000% (Price: $100.000) (a), CUSIP No. 34682B FU8 (b)

$2,165,000 Term Bonds Due September 1, 2041 (c)(d), Interest Rate: 2.500% (Price: $98.463) (a), CUSIP No. 34682B GC7 (b)

$5,955,000 Term Bonds Due September 1, 2046 (c)(d), Interest Rate: 2.750% (Price: $98.232) (a), CUSIP No. 34682B GH6 (b)

$4,075,000 Unlimited Tax Road Bonds, Series 2021

$1,190,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34682B (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34682B (b)
2022	$ 145,000	3.000%	0.300%	GJ2	2027 (c)	$ 130,000	1.000%	1.100%	GP8
2023	120,000	3.000%	0.400%	GK9	2028 (c)	135,000	1.000%	1.300%	GQ6
2024	120,000	3.000%	0.600%	GL7	2029 (c)	140,000	1.250%	1.500%	GR4
2025	125,000	3.000%	0.750%	GM5	2030 (c)	145,000	1.500%	1.700%	GS2
2026	130,000	3.000%	0.900%	GN3					

$2,885,000 Term Bonds

$450,000 Term Bonds Due September 1, 2033 (c)(d), Interest Rate: 2.000% (Price: $100.000) (a), CUSIP No. 34682B GV5 (b)

$325,000 Term Bonds Due September 1, 2035 (c)(d), Interest Rate: 2.000% (Price: $97.062) (a), CUSIP No. 34682B GX1 (b)

$340,000 Term Bonds Due September 1, 2037 (c)(d), Interest Rate: 2.250% (Price: $98.044) (a), CUSIP No. 34682B GZ6 (b)

$355,000 Term Bonds Due September 1, 2039 (c)(d), Interest Rate: 2.375% (Price: $98.218) (a), CUSIP No. 34682B HB8 (b)

$375,000 Term Bonds Due September 1, 2041 (c)(d), Interest Rate: 2.500% (Price: $98.463) (a), CUSIP No. 34682B HD4 (b)

$1,040,000 Term Bonds Due September 1, 2046 (c)(d), Interest Rate: 2.750% (Price: $98.232) (a), CUSIP No. 34682B HJ1 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchasers. Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from December 1, 2021, is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 2027, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2026, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

(d) Subject to mandatory redemption as provided under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

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., Houston, Texas, Bond Counsel, for further information.

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 headings "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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 this 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."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for any purpose.

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Utility Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Utility Bond Initial Purchaser") to purchase the Utility Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.160650% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.593778%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Road Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Road Bond Initial Purchaser") to purchase the Road Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.000000% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.627192%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Throughout this Official Statement, the term "Initial Purchasers" refers to the Utility Bond Initial Purchaser in its capacity as purchaser of the Utility Bonds as well as the Road Bond Initial Purchaser as purchaser of the Road Bonds.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchasers. 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 Purchasers.

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 Purchasers 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 Purchasers regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchasers.

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 Purchasers 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 PURCHASERS 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

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue separate Municipal Bond Insurance Policies for the Bonds (each a "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX B."

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 solely to issuers in the U.S. public finance markets. BAM will only insure obligations of 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: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.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 outlook) 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 www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the 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 September 30, 2021, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $504.3 million, $181.5 million, and $322.8 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.buildamerica.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 "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 www.buildamerica.com/videos. (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 www.buildamerica.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 received an insured rating of "AA" (stable outlook) from S&P solely in reliance upon the issuance of the municipal bond insurance policy 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). The ratings express only the view of S&P at the time the ratings are given. 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 its judgment, circumstances so warrant.

Moody's Investors Service, Inc. ("Moody's") assigned an underlying credit rating of "A3" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. 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 Moody's, 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.

The District is not aware of any rating assigned to the Bonds other than the ratings of S&P and Moody's.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer .... Fort Bend County Municipal Utility District No. 182 (the "District"), a political subdivision of the State of Texas ("Texas"), is within Fort Bend County, Texas (the "County"). See "THE DISTRICT – General" and "THE DISTRICT – Description."

Description of the Bonds .... The $23,300,000 Unlimited Tax Bonds, Series 2021 (the "Utility Bonds") are dated December 1, 2021, and mature on September 1 in the years and in the principal amounts as shown on the inside cover. The $4,075,000 Unlimited Tax Road Bonds, Series 2021 (the "Road Bonds") are also dated December 1, 2021, and mature on September 1 in the years and in the principal amounts as shown on the inside cover. The Utility Bonds and the Road Bonds are collectively herein referred to herein as the "Bonds."

Interest on the Bonds accrues from December 1, 2021, and is payable on March 1, 2022, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of 12 30-day months. The Bonds are offered in fully registered form in integral multiples of $5,000 of principal amount for any one (1) maturity. See "THE BONDS – General."

Redemption Provisions .... The Bonds maturing on or after September 1, 2027, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2026, and 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 Provisions – *Optional Redemption*."

The Utility Bonds maturing on September 1, 2022, through September 1, 2030, inclusive, and September 1, 2034, through September 1, 2039, inclusive, are serial bonds. The Utility Bonds maturing on September 1 in the years 2033, 2041, and 2046 are term bonds, which have certain mandatory redemption provisions set out under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

The Road Bonds maturing on September 1, 2022, through September 1, 2030, inclusive, are serial bonds. The Road Bonds maturing on September 1 in the years 2033, 2035, 2037, 2039, 2041, and 2046 are term bonds, which have certain mandatory redemption provisions set out under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

Source of Payment .... Principal of and interest on the Bonds are payable from the proceeds of two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied upon all taxable property within the District. **The Bonds are obligations solely of the District and are not obligations of the County; the**

City of Fulshear, Texas (the "City"); Texas; or any entity other than the District. See "THE BONDS – Source of Payment."

Outstanding Bonds	The District has previously issued the following bonds for the purpose of acquiring or constructing water, wastewater, and drainage infrastructure to serve the District (the "Utility System"): $15,970,000 Unlimited Tax Bonds, Series 2016; $9,525,000 Unlimited Tax Bonds, Series 2018; $14,765,000 Unlimited Tax Bonds, Series 2019; and $11,540,000 Unlimited Tax Bonds, Series 2020. As of October 1, 2021, a total of $47,945,000 principal amount of said bonds remains outstanding (the "Outstanding Utility Bonds"). The District has previously issued the following bonds for the purpose of acquiring or constructing road infrastructure to serve the District (the "Road System"): $5,725,000 Unlimited Tax Road Bonds, Series 2017. As of October 1, 2021, a total of $5,150,000 principal amount of said bonds remains outstanding (the "Outstanding Road Bonds"). The Outstanding Utility Bonds and the Outstanding Road Bonds are collectively referred to herein as the "Outstanding Bonds."
Authority for Issuance	The Utility Bonds constitute the fifth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Utility System. Voters within the District have authorized a total of $320,300,000 principal amount of unlimited tax bonds for the Utility System. The Road Bonds constitute the second series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Road System. Voters within the District authorized a total of $133,300,000 principal amount of unlimited tax bonds for the Road System. Additionally, voters within the District have authorized a total of $34,450,000 principal amount of unlimited tax bonds for the construction of park and recreational facilities to serve the District ("the Park System"). Following the issuance of the Bonds, $245,200,000 principal amount of unlimited tax bonds for the Utility System, $123,500,000 principal amount of unlimited tax bonds for the Road System, and $34,450,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. Voters within the District also voted $480,450,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Utility System, $199,950,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Road System, and $51,675,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Park System, all of which remain authorized but unissued following the sale of the Bonds. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment." The Utility Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); the order of the District's Board of Directors (the "Board") authorizing the issuance of the Utility Bonds (the "Utility Bond Order"); elections held on May 12, 2007 and May 10, 2014; and Article XVI, Section 59

of the Texas Constitution and the general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

The Road Bonds are issued pursuant to Chapter 8176 of the Texas Special District Local Laws Code; Article III, Section 52 of the Texas Constitution; the order of the Board authorizing the issuance of the Road Bonds (the "Road Bond Order"); elections held on November 6, 2007, and May 10, 2014; and the general laws 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."

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

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

Not Qualified Tax-Exempt Obligations ....The District did not designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."

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

Ratings...S&P Global Ratings (BAM Insured): "AA" (stable outlook). Moody's Investors Service, Inc. (Underlying): "A3." See "RATINGS."

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

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

Financial Advisor..Robert W. Baird & Co. Incorporated, Houston, Texas.

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

THE DISTRICT

The Issuer ....The District was created by order of the TCEQ dated March 16, 2006. The District contains approximately 1,243.502. See "THE DISTRICT – General."

Location ....The District is within the County, approximately 30 miles west of the downtown of the City of Houston, Texas. The District is approximately three (3) miles south of the intersection of Interstate 10 and FM 1463, and approximately five (5) miles west of the intersection of State Highway 99 and Westheimer Parkway. The District is bordered by FM 1463 on the east, which provides direct access for residents. The District is entirely within the County and the extraterritorial jurisdiction of the City, and partially within

Lamar Consolidated Independent School District and Katy Independent School District. See "THE DISTRICT."

Developer and Principal Landowners.......... The developer and principal landowner within the District is D.R. Horton – Texas, Ltd., a Texas Limited partnership, which is controlled by D.R. Horton, Inc., a Delaware corporation, a publicly traded corporation (collectively referred to herein as "D.R. Horton" or the "Developer"). As of July 1, 2021, D.R. Horton owned approximately 81 homes, approximately 771 lots, and all of the remaining undeveloped land within the District. See "DEVELOPER AND PRINCIPAL LANDOWNERS."

Development within the District .... Approximately 823.326 acres (2,690 lots) within the District have been developed as the single-family residential subdivisions of Tamarron, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 22, 24, 26, 27, 28, 29, 30, 31, 32, 36, 38, 43, 53, and 57. As of July 1, 2021, the District consisted of 2,341 complete and occupied homes; 54 complete and unoccupied homes; 271 homes under construction; 24 vacant developed lots; 422 lots under development; and 164 lots under design. In addition, the District contains approximately 154.109 undeveloped but developable acres and approximately 266.067 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT."

Homebuilders Within the District................. Homebuilders active within the District include D.R. Horton, Gehan Homes, and Perry Homes. Prices of new homes being constructed within the District range from approximately $200,000 to over $450,000. Square footage of new homes being constructed within the District range from approximately 2,000 square feet to over 4,500 square feet. See "DEVELOPMENT WITHIN THE DISTRICT – Homebuilders Active Within the District."

INFECTIOUS DISEASE OUTLOOK (COVID-19)

Infectious Disease Outlook (COVID-19)...... The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. As described under "INVESTMENT CONSIDERATIONS – Infectious Disease Outlook (COVID-19)", federal, state, and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property within the central Texas area and could reduce or negatively affect property values or homebuilding activity within the District. 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.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods partially prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2021 Certified Assessed Valuation	$ 638,073,186	(a)
Estimate of Assessed Valuation as of July 1, 2021	$ 679,383,017	(b)
Direct Debt:		
The Outstanding Bonds	$ 53,095,000	
The Utility Bonds	$ 23,300,000	
The Road Bonds	$ 4,075,000	
Total	$ 80,470,000	
Estimated Overlapping Debt	$ 34,620,908	(c)
Total Direct and Estimated Overlapping Debt	$ 115,090,908	(c)
Direct Debt Ratio:		
As a Percentage of the 2021 Certified Assessed Valuation	12.61	%
As a Percentage of the Estimate of Assessed Valuation as of July 1, 2021	11.84	%
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of the 2021 Certified Assessed Valuation	18.04	%
As a Percentage of the Estimate of Assessed Valuation as of July 1, 2021	16.94	%
Utility System Debt Service Fund (as of October 4, 2021)	$ 1,295,445	(d)
Road System Debt Service Fund (as of October 4, 2021)	$ 216,062	(e)
Utility System Capital Projects Fund (as of October 4, 2021)	$ 933,992	
Road System Capital Projects Fund (as of October 4, 2021)	$ 48,615	
Operating Fund (as of October 4, 2021)	$ 5,546,723	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2021, as provided by the Fort Bend County Appraisal District (the "Appraisal District"). Such amount includes $101,321 assigned to properties that remain under review by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). Such amount represents the estimated minimum amount that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount represents an estimate of the assessed valuation all taxable property within the District as of July 1, 2021, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2021, through July 1, 2021. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System debt service fund. Funds in the Utility System debt service fund are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road Bonds and the Road Bonds.

(e) Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System debt service fund. 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, including the Outstanding Utility Bonds and the Utility Bonds.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2021 Tax Rate:			
Debt Service		$ 0.715	(a)
Maintenance and Operations		$ 0.555	
Total		$ 1.270	
Combined Average Annual Debt Service Requirement (2022–2046)	$	4,366,334	(b)
Combined Maximum Annual Debt Service Requirement (2041)	$	5,000,650	(b)
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement (2022–2046) at 95% Collections:			
Based on the 2021 Certified Assessed Valuation		$ 0.73	
Based on the Estimate of Assessed Valuation as of July 1, 2021		$ 0.68	
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement (2041) at 95% Collections:			
Based on the 2021 Certified Assessed Valuation		$ 0.83	
Based on the Estimate of Assessed Valuation as of July 1, 2021		$ 0.78	

(a) The debt service tax rate is composed of a $0.630 tax rate to pay debt service on bonds issued by the District for the Utility System and a $0.085 tax rate to pay debt service on bonds issued by the District for the Road System. The District is authorized to levy separate debt service tax rates for bonds issued for the Utility System and the Road System, both of which are unlimited as to rate or amount.

(b) Requirement of debt service on the Outstanding Bonds and the Bonds. See “DISTRICT DEBT – Debt Service Requirements.”

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 182

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

$23,300,000 Unlimited Tax Bonds Series 2021	$4,075,000 Unlimited Tax Road Bonds Series 2021

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Fort Bend County Municipal Utility District No. 182 (the "District") of its $23,300,000 Unlimited Tax Bonds, Series 2021 (the "Utility Bonds") and $4,075,000 Unlimited Tax Road Bonds, Series 2021 (the "Road Bonds," and together with the Utility Bonds, the "Bonds").

The Utility Bonds are issued and sold to the initial purchaser of the Utility Bonds (the "Utility Bond Initial Purchaser") pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); the order of the District's Board of Directors (the "Board") authorizing the issuance of the Utility Bonds (the "Utility Bond Order"); elections held on May 12, 2007 and May 10, 2014; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas ("Texas"), including Chapters 49 and 54, Texas Water Code, as amended.

The Road Bonds are issued and sold to the initial purchaser of the Road Bonds (the "Road Bond Initial Purchaser") pursuant to Chapter 8176 of the Texas Special District Local Laws Code; Article III, Section 52 of the Texas Constitution; the order of the Board authorizing the issuance of the Road Bonds (the "Road Bond Order"); elections held on November 6, 2007 and May 10, 2014; and the general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

The Utility Bond Order and the Road Bond Order are collectively referred to herein as the "Bond Orders," and unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Orders. The Utility Bond Initial Purchaser and the Road Bond Initial Purchaser are collectively referred to herein as the "Initial Purchasers."

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 SUCH DOCUMENT. Copies of such documents may be obtained from Bond Counsel (herein defined) at 9 Greenway Plaza, Suite 1000, Houston, Texas 77046 or during the offering period from the Financial Advisor (herein defined) at 1331 Lamar Street, Suite 1360, Houston, Texas 77010 upon payment of reasonable copying, mailing, and handling charges.

THE BONDS

General

The Bonds will bear interest from December 1, 2021, and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, as shown on the inside cover. Interest on the Bonds will be paid on March 1, 2022, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or earlier redemption and will be calculated on the basis of a 360-day year comprised of 12 30-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denomination of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The District has designated Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"), as the initial paying agent/registrar for the Bonds.

Redemption Provisions

Optional Redemption

The Bonds maturing on September 1, 2027, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2026, 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 30 days prior to the redemption date by sending such notice by first class mail to the registered owner of each Bond to be redeemed in whole or in part at the address shown on the 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 registered owner 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.

Mandatory Redemption

The Utility Bonds maturing on September 1 in the years 2033, 2041, and 2046 are term bonds (the "Utility Term Bonds") that shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Utility Bonds are in book-entry-only-form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule:

$2,580,000 Utility Term Bonds Maturing on September 1, 2033

Mandatory Redemption Date	Principal Amount
September 1, 2031	$ 835,000
September 1, 2032	$ 860,000
September 1, 2033 (Maturity)	$ 885,000

$2,165,000 Utility Term Bonds Maturing on September 1, 2041

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 1,070,000
September 1, 2041 (Maturity)	$ 1,095,000

$5,955,000 Utility Term Bonds Maturing on September 1, 2046

Mandatory Redemption Date	Principal Amount
September 1, 2042	$ 1,125,000
September 1, 2043	$ 1,160,000
September 1, 2044	$ 1,190,000
September 1, 2045	$ 1,225,000
September 1, 2046 (Maturity)	$ 1,255,000

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The Road Bonds maturing on September 1 in the years 2033, 2035, 2037, 2039, 2041, and 2046 are term bonds (the "Road Term Bonds," and together with the Utility Term Bonds, the "Term Bonds") that shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Road Bonds are in book-entry-only-form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, on September 1 in each of the years and in the principal amounts set forth in the following schedule:

$450,000 Road Term Bonds Maturing on September 1, 2033

Mandatory Redemption Date	Principal Amount
September 1, 2031	$ 145,000
September 1, 2032	$ 150,000
September 1, 2033 (Maturity)	$ 155,000

$325,000 Road Term Bonds Maturing on September 1, 2035

Mandatory Redemption Date	Principal Amount
September 1, 2034	$ 160,000
September 1, 2035 (Maturity)	$ 165,000

$340,000 Road Term Bonds Maturing on September 1, 2037

Mandatory Redemption Date	Principal Amount
September 1, 2036	$ 170,000
September 1, 2037 (Maturity)	$ 170,000

$355,000 Road Term Bonds Maturing on September 1, 2039

Mandatory Redemption Date	Principal Amount
September 1, 2038	$ 175,000
September 1, 2039 (Maturity)	$ 180,000

$375,000 Road Term Bonds Maturing on September 1, 2041

Mandatory Redemption Date	Principal Amount
September 1, 2040	$ 185,000
September 1, 2041 (Maturity)	$ 190,000

$1,040,000 Road Term Bonds Maturing on September 1, 2046

Mandatory Redemption Date	Principal Amount
September 1, 2042	$ 195,000
September 1, 2043	$ 200,000
September 1, 2044	$ 210,000
September 1, 2045	$ 215,000
September 1, 2046 (Maturity)	$ 220,000

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

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 initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner of the Bonds (the "Bondholder(s)"). 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) business 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 (1) 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 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 30 calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the "Record Date" (the 15th calendar day of the month next preceding each Interest Payment Date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Mutilated, Lost, Stolen or Destroyed Bonds

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

Replacement of Paying Agent/Registrar

Provision is made in the Bond Orders for replacement of the Paying Agent/Registrar by the District. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as paying agent for the Bonds.

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form, and manner, and at the same time as other District taxes are assessed, levied, and collected, in each year, beginning with the current year, two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, upon all taxable property within the District, sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Orders, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any parity bonds hereinafter issued. The Bonds are obligations of the District and are not the obligations Fort Bend County, Texas (the "County"); the City of Fulshear, Texas (the "City"); Texas; or any entity other than the District.

Payment Record

The District has never defaulted on the timely payment of principal and interest on its previously issued bonds. See "THE BONDS – Source of Payment."

Authority for Issuance

The Utility Bonds constitute the fifth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Utility System (herein defined). Voters within the District have authorized a total of $320,300,000 principal amount of unlimited tax bonds for the Utility System. The Road Bonds constitute the second series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing the Road System (herein defined). Voters within the District authorized a total of $133,300,000 principal amount of unlimited tax bonds for the Road System. Additionally, voters within the District have authorized a total of $34,450,000 principal amount of unlimited tax bonds for the construction of park and recreational facilities to serve the District ("the Park System").

Following the issuance of the Bonds, $245,200,000 principal amount of unlimited tax bonds for the Utility System, $123,500,000 principal amount of unlimited tax bonds for the Road System, and $34,450,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. Voters within the District also voted $480,450,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Utility System, $199,950,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Road System, and $51,675,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Park System, all of which remain authorized but unissued following the sale of the Bonds. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source of Payment."

The Utility Bonds are issued pursuant to an order of the TCEQ; the Utility Bond Order; elections held on May 12, 2007, and May 10, 2014; and Article XVI, Section 59 of the Texas Constitution and the general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

The Road Bonds are issued pursuant to Chapter 8176 of the Texas Special District Local Laws Code; Article III, Section 52 of the Texas Constitution; the Road Bond Order; elections held on November 6, 2007, and May 10, 2014; and the general laws of Texas, including Chapters 49 and 54, Texas Water Code, as amended.

Outstanding Bonds

The District has previously issued the following bonds for the purpose of acquiring or constructing water, wastewater, and drainage infrastructure to serve the District (the "Utility System"): $15,970,000 Unlimited Tax Bonds, Series 2016; $9,525,000 Unlimited Tax Bonds, Series 2018; $14,765,000 Unlimited Tax Bonds, Series 2019; and $11,540,000 Unlimited Tax Bonds, Series 2020. As of October 1, 2021, a total of $47,945,000 principal amount of said bonds remains outstanding (the "Outstanding Utility Bonds"). The District has previously issued the following bonds for the purpose of acquiring or constructing road infrastructure to serve the District (the "Road System"): $5,725,000 Unlimited Tax Road Bonds, Series 2017. As of October 1, 2021, a total of $5,150,000 principal amount of said bonds remains outstanding (the "Outstanding Road Bonds"). The Outstanding Utility Bonds and the Outstanding Road Bonds are collectively referred to herein as the "Outstanding Bonds."

Issuance of Additional Debt

Voters within the District have authorized a total of $320,300,000 principal amount of unlimited tax bonds for the Utility System. Additionally, the voters within the District have authorized a total of $133,300,000 principal amount of unlimited tax bonds for the Road System and a total of $34,450,000 principal amount of unlimited tax bonds the Park System. Following the issuance of the Bonds, $245,200,000 principal amount of unlimited tax bonds for the Utility System, $123,500,000 principal amount of unlimited tax bonds for the Road System, and $34,450,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. Voters within the District also voted $480,450,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Utility System, $199,950,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Road System, and $51,675,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Park System, all of which remain authorized but unissued following the sale of the Bonds.

Following the issuance of the Bonds, the District will owe D.R. Horton – Texas, Ltd., a Texas Limited partnership ("D.R. Horton" or the "Developer"), approximately $46,459,000 for District projects for the Utility System, approximately $39,991,000 for District projects for the Road System, and approximately $5,157,000 for District projects for the Park System, the funds of which were advanced by the Developer.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the Engineer (herein defined), following the issuance of the bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing utility facilities, and to finance the extension of the System to serve the remaining undeveloped land within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS – Future Debt."

Bondholders' Remedies

The Bond Orders contain a covenant that while any part of the Bonds is outstanding, there shall be assessed, levied, and collected two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, upon all taxable property within the District, sufficient to pay principal of and interest on the Bonds, the Outstanding Bonds, and any additional tax bonds when due and to pay the expenses necessary in collecting taxes. Texas law and the Bond Orders 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 Orders, 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 Orders. Such right is in addition to all other rights the Bondholders may be provided by the laws of Texas.

Except for mandamus, the Bond Orders do 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.

Defeasance

The Bond Orders provide that the District may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, 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, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> (a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them.
>
> The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds.

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

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 Participant, (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 (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the securities. The 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 (1) fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of 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 purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 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 in 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 Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the 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 Orders will be given only to DTC.

USE AND DISTRIBUTION OF UTILITY BOND PROCEEDS

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

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Construction Costs	District's Share
A. Developer Contribution Items	
1. Tamarron Section 3 – W, WW, & D	$ 203,092
2. Detention and Grading to Serve Tamarron Phase 6	2,257,600
3. Tamarron Section 4 – W, WW, & D	867,524
4. Tamarron Section 5 – W, WW, & D	597,914
5. Tamarron Section 6 – W, WW, & D	1,743,859
6. Tamarron Section 9 – W, WW, & D	1,655,986
7. Tamarron Sections 10 & 12 – W, WW, & D	122,620
8. Storm Water Pollution Prevention (Item Nos. 1, 3, 4, & 7)	68,134
9. Engineering (Item Nos. 1-7)	997,874
10. Geotechnical Testing (Item Nos. 1-7)	102,722
Total Developer Contribution Items	$ 8,617,325
B. District Items	
1. Wastewater Treatment Plant Access Road	$ 541,021
2. Offsite Waterline Loop at FM 1463	420,808
3. Lift Station No. 3	1,136,736
4. Lift Station No. 5	488,817
5. Remote Water Well No. 2	2,321,341
6. Remote Water Well No. 2 Collection Line	506,847
7. Wastewater Treatment Plant Expansion Phase 4b Lift Station No. 7	3,800,000
8. Water Treatment Plant Expansion Phase 3	321,900
9. Contingencies (Item No. 8)	32,190
10. Storm Water Pollution Prevention (Item Nos. 1-5, 7, & 8)	36,667
11. Engineering (Item Nos. 1-4, 7, & 8)	760,843
12. Geotechnical Testing (Item Nos. 1-4, 7, & 8)	84,787
13. Land Costs	
a) Lift Station No. 3	13,462
b) Lift Station No. 5	27,614
c) Lake H	958,536
d) Wastewater Treatment Plant Pond No. 3	105,731
e) Remote Water Well No. 2 (Water Well No. 3)	14,284
Total District Items	$ 11,571,584
Total Construction Costs (86.65% of BIR)	**$20,188,909**
Non-Construction Costs	
A. Legal Fee	$ 257,250
B. Fiscal Agent Fee	466,000
C. Developer Interest	1,529,982
D. Bond Discount	661,569
E. Bond Issuance Expenses	46,109
F. Bond Application Report Costs	45,000
G. Attorney General Fee ($9,500 Max)	9,500
H. TCEQ Bond Issuance Fee (0.25%)	58,250
I. Contingency (a)	37,431
Total Non-Construction Costs	**$ 3,111,091**
TOTAL BOND ISSUE REQUIREMENT	**$23,300,000**

(a) Represents the difference between the estimated and actual amounts of Bond Discount.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities; however, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

USE AND DISTRIBUTION OF ROAD BOND PROCEEDS

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

Construction Costs	District's Share
A. Developer Contribution Items	
1. Tamarron Section 9 Paving	$ 1,766,330
Total Developer Contribution Items	$ 1,766,330
B. District Items	
1. Land Costs – Right of Way	
a) Tamarron Section 9	$ 350,477
b) Tamarron Section 1 and Tamarron Parkway	1,047,923
c) Carry Costs	312,432
Total District Items	$ 1,710,832
Total Construction Costs (85.3% of BIR)	**$ 3,477,161**
Non-Construction Costs	
A. Legal Fee	$ 91,500
B. Fiscal Agent Fee	81,500
C. Developer Interest	241,930
D. Bond Discount	122,250
E. Bond Issuance Expenses	36,584
F. Engineering Report Costs	20,000
G. Attorney General Fee (0.10%)	4,075
Total Non-Construction Costs	**$ 597,839**
TOTAL BOND ISSUE REQUIREMENT	**$ 4,075,000**

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

THE DISTRICT

General

The District is a political subdivision of Texas, operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution and Chapter 8176 of the Texas Special District Local Laws Code. The District is vested with all the rights, privileges, authority, and functions conferred by the laws of Texas applicable to municipal utility districts, including without limitation to those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water, among other things. The District is also empowered to finance certain road improvements, and park and recreational facilities as long as they meet the County and the City criteria. The District may also provide solid waste collection and disposal service and operate, maintain, and construct recreational facilities.

Description

The District encompasses approximately 1,243.502 acres and is entirely within the County and the extraterritorial jurisdiction ("ETJ") of the City, and partially within Lamar Consolidated Independent School District ("LCISD") and Katy Independent School District ("KISD").

Location

The District is within the County, approximately 30 miles west of the downtown of the City of Houston, Texas ("Houston"). The District is approximately three (3) miles south of the intersection of Interstate 10 and FM 1463, and approximately five (5) miles west of the intersection of State Highway 99 and Westheimer Parkway. The District is bordered by FM 1463 on the east, which provides direct access for residents. A majority of the property within the District is within LCISD, and a minority of the property within the District is within KISD. All of the property within the District is within the ETJ of the City.

Management of the District

- Board of Directors -

The District is governed by a board, consisting of five (5) directors (the "Board"), which has control over and management and supervision of all affairs of the District. Directors serve staggered four (4)-year terms, with elections held in May of each even numbered year. All of the directors own property within the District. The present members and officers of the Board listed below:

Name	Position	Term Expires May
D. Scott Sullivan	President	2022
Clay Brandenburg	Vice President	2024
Rebecca Kerr	Secretary	2022
Dara Sigloch	Assistant Secretary	2024
Jorge Garcia	Assistant Secretary	2022

- Consultants -

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

Bookkeeper – The District's bookkeeper is Myrtle Cruz, Inc.. Such firm acts as bookkeeper for approximately 140 utility districts.

System Operator – The District's current operator is Si Environmental, LLC. Such firm acts as operator for approximately 40 utility districts.

Auditor – As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. McGrath & Co., PLLC prepared the financial statements of the District for the fiscal year ended June 30, 2021. See "APPENDIX A."

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

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

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

Financial Advisor – Robert W. Baird & Co. Incorporated is engaged as the financial advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. The Financial 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 Financial Advisor is employed by the District and has participated in the preparation of this Official Statement, however, the Financial Advisor is not obligated to undertake, and has not undertaken to make an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third-parties.

DEVELOPER AND PRINCIPAL LANDOWNERS

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to 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, 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.

Developer and Principal Landowners

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

Certain financial information concerning the Developer is included as part of the consolidated financial statements of D.R. Horton, Inc. However, D.R. Horton, Inc. is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property within the District owned by the Developer, or to pay any other obligations of the Developer. 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, except as described under "CONTINUING DISCLOSURE OF INFORMATION."

As of July 1, 2021, D.R. Horton owned approximately 81 homes, approximately 771 lots, and all of the remaining undeveloped land within the District

DEVELOPMENT WITHIN THE DISTRICT

Current Status of Development

Approximately 823.326 acres (2,690 lots) within the District have been developed as the single-family residential subdivisions of Tamarron, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 16, 22, 24, 26, 27, 28, 29, 30, 31, 32, 36, 38, 43, 53, and 57. As of July 1, 2021, the District consisted of 2,341 complete and occupied homes; 54 complete and unoccupied homes; 271 homes under construction; 24 vacant developed lots; 422 lots under development; and 164 lots under design. In addition, the District contains approximately 154.109 undeveloped but developable acres and approximately 266.067 undevelopable acres.

Homebuilders Active Within the District

Homebuilders active within the District include D.R. Horton, Gehan Homes, and Perry Homes. Prices of new homes being constructed within the District range from approximately $200,000 to over $450,000. Square footage of new homes being constructed within the District range from approximately 2,000 square feet to over 4,500 square feet.

Approximately 220 homes within the District were sold in 2015; approximately 60 homes were sold in 2016; approximately 284 homes were sold in 2017; approximately 281 homes were sold in 2018; approximately 332 homes were sold in 2019; approximately 501 were sold in 2020; and approximately 312 homes have been sold through July 1, 2021.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

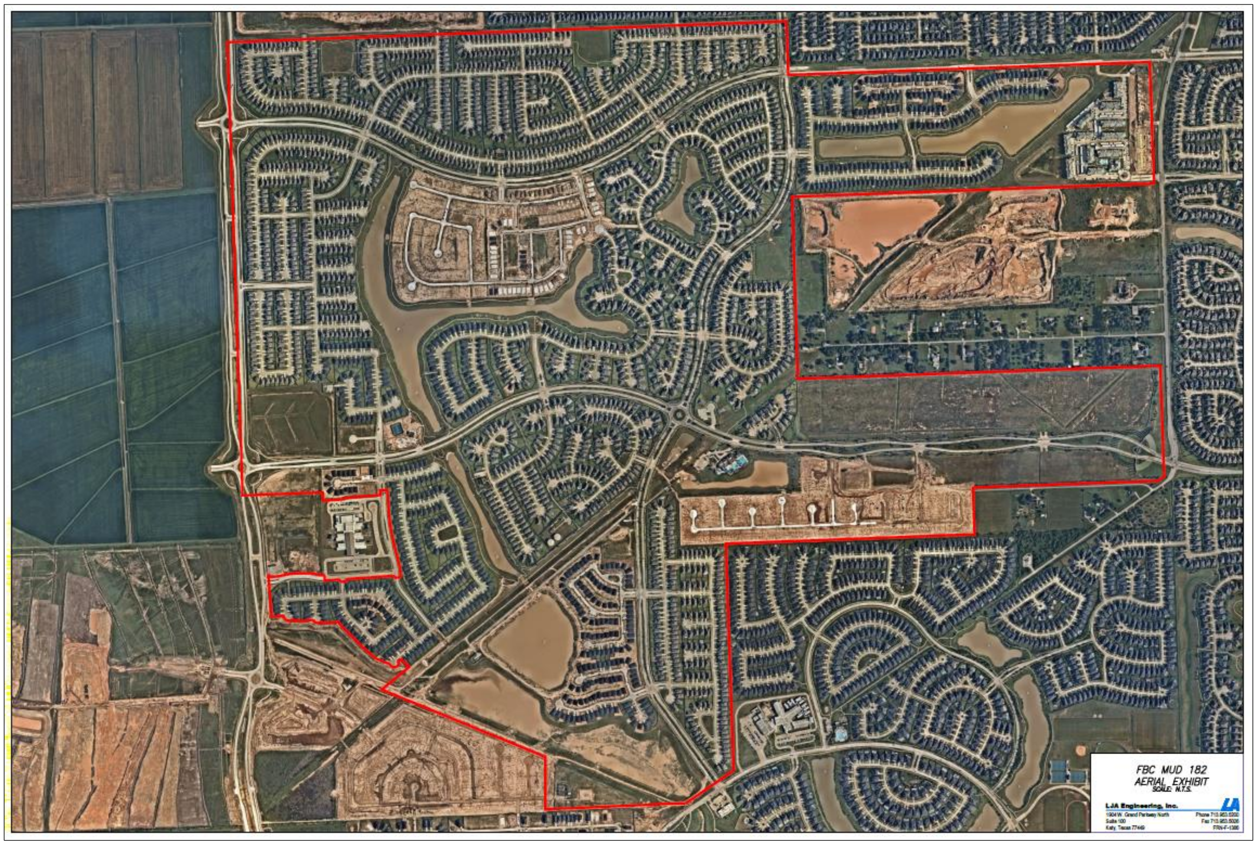
(October 2021)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(October 2021)

AERIAL PHOTOGRAPH OF THE DISTRICT

(October 2021)



TAX DATA

General

Taxable property within the District is subject to the assessment, levy, and collection by the District of two (2) separate continuing direct annual ad valorem taxes, each 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 Orders 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 amount not to exceed $1.50 per $100 of assessed valuation for operation and maintenance purposes. The Board levied a 2021 tax rate of $0.555 per $100 of assessed valuation for maintenance and operations purposes.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Utility System Maintenance and Operation:	$1.50 per $100 of assessed valuation.
Road System Maintenance and Operation:	$1.50 per $100 of assessed valuation.
Park and Recreational Maintenance and Operation:	$0.10 per $100 of assessed valuation.

Debt Service Tax

The Board covenants in the Bond Orders to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, taxes adequate to provide funds to pay the principal of and interest on the Bonds. For the 2021 tax year, the District levied a tax rate of $0.630 per $100 of assessed valuation to pay debt service on bonds issued for the Utility System and a tax rate of $0.085 per $100 of assessed valuation to pay debt service on bonds issued for the Road System

Maintenance and Operations Tax

Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. On May 12, 2007, the Board was authorized to levy such a maintenance and operations tax for water, sanitary sewer drainage and storm sewer facilities in an amount not to exceed $1.50 per $100 of assessed valuation. For the 2021 tax year, the District levied a tax rate of $0.555 per $100 of assessed valuation for maintenance and operations purposes. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonded indebtedness.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES," certain property within the District may be exempt from taxation by the District. For the 2021 tax year, the District granted a residential homestead exemption to persons 65 years of age or older and to certain other disabled persons in the amount of $30,000. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

Additional Penalties

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

Historical Tax Collections

The following table illustrates the District's collection history for the 2016–2021 tax years:

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 10/31/2021
2016	$ 109,317,929	$ 1.50	$ 1,639,769	100.00 %	2017	100.00 %
2017	189,491,839	1.50	2,842,378	100.00	2018	100.00
2018	252,331,227	1.35	3,406,472	99.50	2019	99.94
2019	331,069,586	1.30	4,303,905	99.82	2020	99.98
2020	425,726,462	1.27	5,406,726	99.41	2021	99.44
2021	638,073,186	1.27	8,103,529	(b)	2022	(b)

(a) Tax rate per $100 of assessed valuation.

(b) In process of collections.

Tax Rate Distribution

	2021	2020	2019	2018	2017
Utility System Debt Service	$ 0.630	$ 0.790	$ 0.640	$ 0.545	$ 0.500
Road System Debt Service	0.085	0.085	0.100	0.125	0.190
Maintenance and Operations	0.555	0.395	0.560	0.680	0.810
Total	$ 1.270	$ 1.270	$ 1.300	$ 1.350	$ 1.500

Analysis of Tax Base

The following table illustrates the District's assessed valuation for the 2017–2021 tax years by type of property:

Type of Property	2021 Assessed Valuation (a)	2020 Assessed Valuation	2019 Assessed Valuation	2018 Assessed Valuation	2017 Assessed Valuation
Land	$ 140,114,807	$ 111,015,370	$ 92,810,676	$ 75,513,690	$ 64,591,450
Improvements	518,505,522	330,514,354	249,356,070	182,761,680	128,373,520
Personal Property	1,844,448	760,150	477,930	407,790	217,450
Exemptions	(22,391,591)	(16,563,412)	(11,575,090)	(6,351,933)	(3,690,581)
Total	$ 638,073,186	$ 425,726,462	$ 331,069,586	$ 252,331,227	$ 189,491,839

(a) Such amounts includes $101,321 assigned to properties that remain under review by the Appraisal Review Board (herein defined). Such amount represents the estimated minimum amount that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax. See "TAXING PROCEDURES."

Principal Taxpayers

The following table illustrates the District's principal taxpayers for the 2021 tax year:

Taxpayer	Type of Property	Assessed Valuation 2021 Tax Roll
DHIC - Tamarron LLC (a)	Land and Improvements	$ 35,148,520
D.R. Horton-Texas, Ltd. (a)(b)	Land and Improvements	16,735,904
DHI Commercial Tamarron LLC (a)	Land and Improvements	2,956,620
Sach Properties LLC	Land and Improvements	1,843,000
Homeowner	Land and Improvements	1,216,280
Tea Rose Properties LLC	Land and Improvements	1,041,650
Homeowner	Land and Improvements	933,490
Homeowner	Land and Improvements	929,650
Homeowner	Land and Improvements	903,260
Homeowner	Land and Improvements	858,130
Total		$ 62,566,504
Percent of Respective Tax Roll		9.81 %

(a) See "Developer and Principal Landowners."

(b) See "Homebuilders Active Within District."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth within the District occurs beyond the 2021 certified assessed valuation ($638,073,186) and the estimate of assessed valuation as of July 1, 2021 ($679,383,017). The calculations assume collection of 95% of taxes levied and the sale of no additional bonds by the District except the Bonds:

Combined Average Annual Debt Service Requirement (2022–2046)	$ 4,366,334
Tax Rate of $0.73 on the 2021 Certified Assessed Valuation Produces	$ 4,425,038
Tax Rate of $0.68 on the Estimate of Assessed Valuation as of July 1, 2021, Produces	$ 4,388,814
Combined Maximum Debt Service Requirement (2041)	$ 5,000,650
Tax Rate of $0.83 on the 2021 Certified Assessed Valuation Produces	$ 5,031,207
Tax Rate of $0.78 on the Estimate of Assessed Valuation as of July 1, 2021, Produces	$ 5,034,228

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Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2021 taxes levied by such jurisdictions per $100 of assessed valuation. The table below does not include any future debt service tax rate that may be levied as a result of the issuance of the Bonds (see "TAX DATA – Debt Service Tax"). Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2021 Tax Rate per $100 of Assessed Valuation
The District	$ 1.270000
Fort Bend County	0.438300
Fort Bend County Drainage District	0.014500
Lamar Consolidated Independent School District	1.242000
Fort Bend County Emergency Service District No. 4	0.100000
Total	$ 3.064800

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and are not obligations of the County; the City; Texas; or any other political subdivision, will be secured by two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied upon all taxable property 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.

Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Governor of Texas (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). Such disaster declaration has been successively renewed and remains in effect. On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting State business or any order or rule of a Texas agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation and reopening of Texas. These include, for example, the issuance on March 2, 2021 of Executive Order GA-34, which, among other things, removed any COVID-19-related operating limits for any business or other establishment and ended the Texas-wide mask mandate, effective March 10, 2021. The Governor's order also maintains, in providing or obtaining services every person (including individuals, businesses, and other legal entities) should use good-faith efforts and available resources to follow the minimum standard health protocols. Executive Order GA-34 remains in place until amended, rescinded, or superseded by the Governor. On May 18, 2021, Governor Abbott issued Executive Order GA-36, which supersedes Executive Order GA-34 in part. Executive GA-36 prohibits governmental entities in Texas, including counties, cities, school districts, public health authorities, and government officials from requiring or mandating any person to wear a face covering and subjects a governmental entity or official to a fine up to $1,000 for noncompliance, subject to certain exceptions. Executive orders remain in place until they are amended, rescinded, or superseded by the Governor. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and caused volatility in financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant volatility attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries.

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property within the Houston, Texas area and could reduce or negatively affect property values (or homebuilding activity) within the District. 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.

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition, including its underlying rating (see "RATINGS"). The financial and operating data contained herein are the latest available but are as of dates and for periods partially prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

Factors Affecting Taxable Values and Tax Payments

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

Location and Access: The District is within the County, approximately 30 miles west of downtown Houston. The District is approximately three (3) miles south of the intersection of Interstate 10 and FM 1463, and approximately five (5) miles west of the intersection of State Highway 99 and Westheimer Parkway. The District is bordered by FM 1463 on the east, which provides direct access for residents. All of the property is within LCISD and KISD and lies within the ETJ of the City. See "THE DISTRICT."

Competition: The demand for and construction of taxable improvements within the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously-owned single-family homes in more established commercial centers and neighborhoods closer to Houston that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District.

The competitive position of the Developer in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values within the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs within the District by the Developer will be implemented or, if implemented, will be successful.

Developer Under No Obligation to the District: The Developer has informed the District of its current plans to continue to develop land within the District for residential purposes. However, the Developer is not obligated to implement such plan on any particular schedule or at all. Thus, the furnishing of information related to the proposed development by the Developer should not be interpreted as such a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer, or any other subsequent landowners to whom a party may sell all or a portion of their holdings within the District, to implement any plan of development. Furthermore, there is no restriction on the Developer's right to sell its land. The District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer. Failure to construct taxable improvements on developed lots and tracts and failure of the Developer to develop its land would restrict the rate of growth of taxable value within the District. The District is also dependent upon the Developer (see "TAX DATA – Principal Taxpayers") for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of the Developer will be or what effect, if any, such conditions may have on its ability to pay taxes. See "DEVELOPER AND PRINCIPAL LANDOWNERS," and "DEVELOPMENT WITHIN THE DISTRICT."

Maximum Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2021 certified assessed valuation of all taxable property within the District is $638,073,186 (see "TAX DATA") and the estimate of assessed valuation as of July 1, 2021, of all taxable property within the District is $679,383,017. After issuance of the Bonds, the combined maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $5,000,650 (2041) and the combined average annual debt service requirement on the Outstanding Bonds and the Bonds will be $4,366,334 (2022–2046). Assuming no increase to, nor decrease from the 2021 certified assessed valuation of all taxable property within the District ($638,073,186), tax rates of $0.83 and $0.73 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the combined maximum annual debt service requirement on the Outstanding Bonds and the Bonds, and the combined average annual debt service requirement on the Outstanding Bonds and the Bonds, respectively. Assuming no increase to nor decrease from the estimate of assessed valuation as of July 1, 2021, of all taxable property within the District ($679,383,017), tax rates of $0.78 and $0.68 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the combined maximum annual debt service requirement on the Outstanding Bonds and the Bonds, and the combined average annual debt service requirement, respectively.

Limitation to Bondholders' Remedies

In the event of default in the payment of principal of or interest on the 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 Orders do 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.

Bankruptcy Limitation to Bondholders' Rights

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

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

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

The District may not be placed into bankruptcy involuntarily.

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial, and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight (8)-county Houston Galveston area ("HGB area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties—has been designated a nonattainment area under three (3) separate federal ozone standards: the one (1)-hour (124 parts per billion ("ppb")) and eight (8)-hour (84 ppb) standards promulgated by the EPA in 1997 ("the 1997 Ozone Standards"); the tighter, eight (8)-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 (8)-hour ozone standard in 2015 ("the 2015 Ozone Standard). While 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 ozone nonattainment area under the the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, EPA approved the TCEQ's "redesignation substitute" for the HGB area under the revoked 1997 Ozone Standards, leaving the HGB area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA,* 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court's ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one (1)-hour and eight (8)-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one (1)-hour and eight (8)-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a "serious" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. 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 "marginal" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six (6) 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) public water supply systems, (2) wastewater discharges from treatment facilities, (3) storm water discharges, and (4) wetlands dredge and fill activities. Each of these is addressed below:

Pursuant to the federal Safe Drinking Water Act ("SDWA") and Environmental Protection Agency'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 90 contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It 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 January 24, 2019. 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.

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four (4) categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR was effective June 22, 2020, and is currently the subject of ongoing litigation.

Due to existing and possible future litigation, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Hurricane Harvey

The Texas Gulf Coast area, including the County, sustained widespread rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four (4) days.

According to the Engineer, the District's water, sanitary sewer, and drainage facilities sustained no damage as a result of Hurricane Harvey, and there was no interruption of water and sewer service. Furthermore, according to the Engineer, there were no homes within the District that experienced flooding or structural damage. The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that could have a negative effect on taxable assessed valuations within the District and the economy of the District and the region. See "TAXING PROCEDURES – Valuation of Property for Taxation."

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, 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 within the District, the assessed valuation of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed valuation 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 within the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could a lengthy period in which assessed valuations within the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

Marketability

The District has no agreement with any 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 of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are more generally bought, sold, or traded in the secondary market.

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

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

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

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

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

Continuing Compliance with Certain Covenants

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

Future Debt

Following the issuance of the Bonds, $245,200,000 principal amount of unlimited tax bonds for the Utility System, $123,500,000 principal amount of unlimited tax bonds for the Road System, and $34,450,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. Voters within the District also voted $480,450,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Utility System, $199,950,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Road System, and $51,675,000 principal amount of unlimited bonds for the purpose of refunding bonds issued for the Park System, all of which remain authorized but unissued following the sale of the Bonds. The District also has the right to issue certain other additional bonds and other obligations, as described in the Bond Orders. 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 $46,459,000 for District projects for the Utility System, approximately $39,991,000 for District projects for the Road System, and approximately $5,157,000 for District projects for the Park System, the funds of which were advanced by the Developer. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

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.

Consolidation

Under Texas Law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one (1) or more other districts, although no consolidation is presently contemplated by the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by difficulties in collecting ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer's right to redeem the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See "TAXING PROCEDURES."

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.

The 2021 Legislative Session

The 87th Texas Legislature convened on January 12, 2021, and adjourned on May 31, 2021. Additionally, the Governor called special sessions on July 8, 2021, August 7, 2021, and September 20, 2021. The Governor may call one (1) or more additional special sessions, which may last no more than 30 days, and for which the Governor sets the agenda. During a special session, the Texas Legislature may enact laws that materially change current law as it relates to the District and its finances. The District makes no representation regarding any actions the Texas Legislature may take.

Future and Proposed 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.

THE SYSTEM

General

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

Description of the System

- Water Supply and Distribution -

The District currently owns, operates, and supplies all water service from Water Plant No. 1. Water Plant No. 1 currently consists of an onsite well with a capacity of 400 gallons per minute (gpm), a remote well with a capacity of 1,200 gpm, a 20,000 and 30,000 gallon hydro-pneumatic tank, two (2) 750,000 gallon ground storage tanks, and 3,000 gpm in booster pump capacity. In addition, the District owns two (2) remote wells with capacities of 1,200 gpm each that supply groundwater to Water Plant No. 1. The District currently has capacity to serve 2,142 equivalent single family connections ("ESFCs").

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

- Wastewater Treatment and Conveyance System -

Pursuant to the District's wastewater treatment plant ("WWTP") Permit (No. WQ0014758001), the District currently operates a leased 600,000 gpd WWTP within the District which is sufficient to serve approximately 2,000 ESFCs, which supports the connections used to determine the certified value proposed in this bond issue. Currently, flow at the wastewater treatment plant is approximately 260,000 gpd, which is 44% of the WWTP's average daily capacity.

- Drainage -

Stormwater drainage from the District discharges into a detention pond through a storm sewer system. The detention ponds outfalls to Flewellen Creek. A minority of the District is within a separate watershed and outfalls into the Cinco Ranch North West's Detention System.

- Roads -

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

Subsidence and Conversion to Surface Water Supply

In 2005, the Texas legislature created the North Fort Bend Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of the County (including the District), and a small portion of Harris County, Texas. The Authority has entered into a Water Supply Contract with Houston to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("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, $2.20 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 2025. If the Authority fails to comply with the above FBSD regulations, the Authority is subject to a substantial disincentive fee penalty of $3.25 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.

Historical Operations of the System

The following statement sets forth in condensed form the results of operation of the Utility System. For the fiscal years ended 2016–2021, the summary below has been prepared by the Financial Advisor for inclusion herein based upon information obtained from the District's audited financial statements. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended June 30					
	2021	2020	2019	2018	2017	2016
REVENUES						
Water Service	$ 639,500	$ 434,223	$ 420,292	$ 288,372	$ 238,660	$ 189,849
Sewer Service	941,574	604,420	556,601	401,789	311,254	235,195
Property Taxes	1,675,726	1,844,320	1,767,498	1,495,676	746,750	400,510
Penalties and Interest	44,444	39,944	27,756	19,215	12,853	26,688
Regional Water Authority Fees	1,127,149	833,350	583,716	407,118	271,992	169,698
Tap Connection and Inspection Fees	1,464,244	976,865	497,270	462,680	365,530	494,050
Miscellaneous	95,438	9,796	8,596	3,720	1,160	1,660
Investment Earnings	12,141	40,576	28,639	8,605	1,258	330
TOTAL REVENUES	$ 6,000,216	$ 4,783,494	$ 3,890,368	$ 3,087,175	$ 1,949,457	$ 1,517,980
EXPENDITURES:						
Current Service Operations						
Professional Fees	$ 349,132	$ 454,834	$ 264,387	$ 236,784	$ 205,537	$ 132,849
Contracted Services	956,199	524,804	351,700	319,675	269,403	425,621
Repairs and Maintenance	1,664,660	1,670,322	993,584	578,282	331,381	174,423
Utilities	210,979	119,643	110,880	88,095	81,583	52,814
Regional Water Authority Fees	1,157,686	791,447	583,086	443,323	265,927	173,472
Administrative	140,757	106,356	83,886	76,719	64,309	51,875
Other	5,141	4,411	5,745	411	3,115	192
Lease Payments	364,800	322,480	138,720	123,120	123,120	123,120
Capital Outlay	–	68,550	33,466	255,960	–	–
TOTAL EXPENDITURES	$ 4,849,354	$ 4,062,847	$ 2,565,454	$ 2,122,369	$ 1,344,375	$ 1,134,366
Revenues Over (Under) Expenditures	$ 1,150,862	$ 720,647	$ 1,324,914	$ 964,806	$ 605,082	$ 383,614

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DISTRICT DEBT

2021 Certified Assessed Valuation	$ 638,073,186	(a)
Estimate of Assessed Valuation as of July 1, 2021	$ 679,383,017	(b)
Direct Debt:		
The Outstanding Bonds	$ 53,095,000	
The Utility Bonds	$ 23,300,000	
The Road Bonds	$ 4,075,000	
Total	$ 80,470,000	
Estimated Overlapping Debt	$ 34,620,908	(c)
Total Direct and Estimated Overlapping Debt	$ 115,090,908	(c)
Direct Debt Ratio:		
As a Percentage of the 2021 Certified Assessed Valuation	12.61	%
As a Percentage of the Estimate of Assessed Valuation as of July 1, 2021	11.84	%
Direct and Estimated Overlapping Debt Ratio:		
As a Percentage of the 2021 Certified Assessed Valuation	18.04	%
As a Percentage of the Estimate of Assessed Valuation as of July 1, 2021	16.94	%
Utility System Debt Service Fund (as of October 4, 2021)	$ 1,295,445	(d)
Road System Debt Service Fund (as of October 4, 2021)	$ 216,062	(e)
Utility System Capital Projects Fund (as of October 4, 2021)	$ 933,992	
Road System Capital Projects Fund (as of October 4, 2021)	$ 48,615	
Operating Fund (as of October 4, 2021)	$ 5,546,723	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2021, as provided by the Appraisal District. Such amount includes $101,321 assigned to properties that remain under review by the Appraisal Review Board. Such amount represents the estimated minimum amount that will ultimately be approved by the Appraisal Review Board, upon which the District will levy its tax. See "TAX DATA" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount represents an estimate of the assessed valuation all taxable property within the District as of July 1, 2021, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2021, through July 1, 2021. No taxes will be levied against this amount. See "TAX DATA" and "TAXING PROCEDURES."

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

(d) Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System debt service fund. Funds in the Utility System debt service fund are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road Bonds and the Road Bonds.

(e) Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System debt service fund. 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, including the Outstanding Utility Bonds and the Utility Bonds.

2021 Tax Rate:			
Debt Service		$ 0.715	(a)
Maintenance and Operation		$ 0.555	
Total		$ 1.270	
Combined Average Annual Debt Service Requirement (2022–2046)	$	4,366,334	(b)
Combined Maximum Annual Debt Service Requirement (2041)	$	5,000,650	(b)
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement (2022–2046) at 95% Collections:			
Based on the 2021 Certified Assessed Valuation		$ 0.73	
Based on the Estimate of Assessed Valuation as of July 1, 2021		$ 0.68	
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement (2041) at 95% Collections:			
Based on the 2021 Certified Assessed Valuation		$ 0.83	
Based on the Estimate of Assessed Valuation as of July 1, 2021		$ 0.78	

(a) The debt service tax rate is composed of a $0.630 tax rate to pay debt service on bonds issued by the District for the Utility System and a $0.085 tax rate to pay debt service on bonds issued by the District for the Road System. The District is authorized to levy separate debt service tax rates for bonds issued for the Utility System and the Road System, both of which are unlimited as to rate or amount.

(b) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirements."

Debt Service Requirements

The following sets forth the debt service requirements on the Outstanding Bonds, as well as the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

	Outstanding	The Utility Bonds			The Road Bonds			Total
Year	Debt Service	Principal	Interest	Total	Principal	Interest	Total	Debt Service
2022	$ 3,116,565	$ 835,000	$ 401,606	$ 1,236,606	$ 145,000	$ 71,498	$ 216,498	$ 4,569,670
2023	3,131,595	675,000	510,425	1,185,425	120,000	90,981	210,981	4,528,001
2024	3,142,595	690,000	490,175	1,180,175	120,000	87,381	207,381	4,530,151
2025	3,155,400	710,000	469,475	1,179,475	125,000	83,781	208,781	4,543,656
2026	3,166,588	730,000	448,175	1,178,175	130,000	80,031	210,031	4,554,794
2027	3,190,038	750,000	433,575	1,183,575	130,000	76,131	206,131	4,579,744
2028	3,210,388	770,000	426,075	1,196,075	135,000	74,831	209,831	4,616,294
2029	3,228,531	790,000	418,375	1,208,375	140,000	73,481	213,481	4,650,388
2030	3,249,381	815,000	408,500	1,223,500	145,000	71,731	216,731	4,689,613
2031	3,283,256	835,000	396,275	1,231,275	145,000	69,556	214,556	4,729,088
2032	3,304,169	860,000	379,575	1,239,575	150,000	66,656	216,656	4,760,400
2033	3,326,725	885,000	362,375	1,247,375	155,000	63,656	218,656	4,792,756
2034	3,340,688	910,000	344,675	1,254,675	160,000	60,556	220,556	4,815,919
2035	3,371,006	930,000	326,475	1,256,475	165,000	57,356	222,356	4,849,838
2036	3,391,600	960,000	307,875	1,267,875	170,000	54,056	224,056	4,883,531
2037	3,413,869	985,000	287,475	1,272,475	170,000	50,231	220,231	4,906,575
2038	3,433,144	1,010,000	265,313	1,275,313	175,000	46,406	221,406	4,929,863
2039	3,451,681	1,040,000	242,588	1,282,588	180,000	42,250	222,250	4,956,519
2040	3,470,631	1,070,000	217,888	1,287,888	185,000	37,975	222,975	4,981,494
2041	3,491,163	1,095,000	191,138	1,286,138	190,000	33,350	223,350	5,000,650
2042	2,472,119	1,125,000	163,763	1,288,763	195,000	28,600	223,600	3,984,481
2043	2,104,388	1,160,000	132,825	1,292,825	200,000	23,238	223,238	3,620,450
2044	1,507,888	1,190,000	100,925	1,290,925	210,000	17,738	227,738	3,026,550
2045	622,200	1,225,000	68,200	1,293,200	215,000	11,963	226,963	2,142,363
2046	–	1,255,000	34,513	1,289,513	220,000	6,050	226,050	1,515,563
Total	$ 72,575,605	$ 23,300,000	$ 7,828,256	$ 31,128,256	$ 4,075,000	$ 1,379,486	$ 5,454,486	$ 109,158,347

Combined Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2022–2046) .... $ 4,366,334

Combined Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2041) .... $ 5,000,650

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Estimated Direct and Overlapping Debt Statement

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

	Outstanding Debt	Overlapping	
	09/30/2021	Percent	Amount
Fort Bend County	$ 632,206,234	0.78 %	$ 4,938,045
Fort Bend County Drainage District	25,405,000	0.78	198,434
Katy Independent School District	1,840,005,230	0.09	1,656,005
Lamar Consolidated Independent School District	1,337,905,000	2.08	27,828,424
Total Estimated Overlapping Debt			$ 34,620,908
The District (a)			$ 80,470,000
Total Direct and Estimated Overlapping Debt (a)			$ 115,090,908

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Direct Debt Ratio (a):

As a Percentage of the 2021 Certified Assessed Valuation	12.61 %
As a Percentage of the Estimate of Assessed Valuation as of July 1, 2021	11.84 %

Direct and Estimated Overlapping Debt Ratio (a):

As a Percentage of the 2021 Certified Assessed Valuation	18.04 %
As a Percentage of the Estimate of Assessed Valuation as of July 1, 2021	16.94 %

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, upon all taxable property within the District, in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS – Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Orders to levy such a tax from year-to-year as described more fully under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs within the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. For the 2021 tax year, the District granted such a residential homestead exemption to persons 65 years of age or older and to certain other disabled persons in the amount of $30,000. 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 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. The surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to 20% of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never adopted a general homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing, or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within 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 the 2016 tax year and prior applicable years, as personal property acquired or imported into Texas and transported to another location in Texas or outside Texas 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 the 2016 tax year 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 (1) 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 (1) of the Freeport exemptions or the goods-in-transit exemptions for items of personal property.

Valuation of Property for Taxation

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

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

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

District and Taxpayer Remedies

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

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

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below. Debt service rates cannot be reduced by a rollback election 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 operation and maintenance tax rate.

Developed Districts

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

Developing Districts

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

The District

For the 2021 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including such taxes for a period of three (3) years to five (5) years for agricultural use, timberland, or open space land prior to the loss of the designation. As of January 1, 2021, approximately 103.104 acres within the District were designated for agricultural use, open space or timberland.

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

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

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

LEGAL MATTERS

Legal Opinions

Issuance of the 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 the proceeds of two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied 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 Purchasers a certificate, dated as of the date of delivery of the Bonds, executed by the President of the Board or the Vice President and the Secretary or an Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the 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 Purchasers to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended, through the date of sale.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state, or local tax consequences of the purchase, ownership, or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained within 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 (1) or more maturities of the Bonds is less than the principal amount thereof or one (1) or more periods for the payment of interest on the Bonds is not equal to the accrual period or be in excess of one (1) 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 (1) 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 (6)-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six (6)-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 (1) 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 (1) 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 District did not designate the Bonds as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Orders, the District has made 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, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

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

The information to be updated with respect to the District includes all quantitative financial information and operating data relative to the District of the general type included in this Official Statement under the headings "DISTRICT DEBT – General," "TAX DATA," and "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2021.

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

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 10 days after the occurrence of an event. The District will provide notice of any of the following events with respect to the 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 15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Orders 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

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

Limitations and Amendments

The District has agreed to update information and to provide notices of certain events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell 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 Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding 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 Rule or a court of final jurisdiction enters judgment that such provisions of such Rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the last five (5) years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth under the following captions: "THE DISTRICT" and "THE SYSTEM," – the Engineer; "DEVELOPER AND PRINCIPAL LANDOWNERS," "DEVELOPMENT WITHIN THE DISTRICT" – the Developer, "TAX DATA" – Myrtle Cruz, Inc. and "THE BONDS," "CONTINUING DISCLOSURE OF INFORMATION," "TAXING PROCEDURES," "LEGAL MATTERS," and "TAX MATTERS" – Coats Rose, P.C.

Experts

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

The Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM," has been provided by the Engineer, and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of this Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchasers, of any adverse event which causes this Official Statement to be materially misleading, and unless the Initial Purchasers elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchasers an appropriate amendment or supplement to this Official Statement satisfactory to the Initial Purchasers; provided, however, that the obligation of the District to so amend or supplement this Official Statement will terminate when the District delivers the Bonds to the Initial Purchasers, unless the Initial Purchasers notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (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.

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 182 as of the date shown on the cover.

/s/ D. Scott Sullivan
President, Board of Directors
Fort Bend County Municipal Utility District No. 182

ATTEST:

/s/ Rebecca Kerr
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 182

APPENDIX A

Financial Statements of the District

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 182

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2021

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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. 182
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 182, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient to provide a basis for our audit opinions.

Mark W. McGrath, CPA
mark@mcgrath-co.com

Colette M. Garcia, CPA
colette@mcgrath-co.com

Tayo Ilori, CPA, CFE
tayo@mcgrath-co.com

Crystal V. Horn, CPA
crystal@mcgrath-co.com

Board of Directors
Fort Bend County Municipal Utility District No. 182
Fort Bend County, Texas

Opinion

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. 182, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

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, 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.

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

McGrath & Co, PLLC

Houston, Texas
November 1, 2021

Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 182 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. 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, 2021, was negative $36,343,961. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to the Fort Bend County. A comparative summary of the District's overall financial position, as of June 30, 2021 and 2020, is as follows:

	2021	2020
Current and other assets	$ 10,991,933	$ 8,849,915
Capital assets	87,408,962	70,629,263
Total assets	98,400,895	79,479,178
Current liabilities	2,929,039	2,621,227
Long-term liabilities	131,815,817	110,108,517
Total liabilities	134,744,856	112,729,744
Net position		
Net investment in capital assets	(12,490,102)	(10,098,167)
Restricted	3,429,233	2,327,340
Unrestricted	(27,283,092)	(25,479,739)
Total net position	$ (36,343,961)	$ (33,250,566)

The total net position of the District decreased during the current fiscal year by $3,093,395. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2021	2020
Revenues		
Water and sewer service	$ 2,708,223	$ 1,871,993
Property taxes, penalties and interest	5,470,981	4,373,369
Tap connection and inspection	1,464,244	976,865
Other	110,501	63,417
Total revenues	9,753,949	7,285,644
Expenses		
Current service operations	4,959,517	4,113,863
Debt interest and fees	1,525,751	1,281,811
Developer interest	933,137	1,202,251
Debt issuance costs	846,447	943,850
Depreciation	1,673,071	1,329,761
Total expenses	9,937,923	8,871,536
Change in net position before other item	(183,974)	(1,585,892)
Other item		
Transfers to other governments	(2,909,421)	(2,877,368)
Change in net position	(3,093,395)	(4,463,260)
Net position, beginning of year	(33,250,566)	(28,787,306)
Net position, end of year	$ (36,343,961)	$ (33,250,566)

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2021, were $10,096,521, which consists of $5,247,084 in the General Fund, $3,901,015 in the Debt Service Fund and $948,422 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of June 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 6,085,881	$ 5,086,300
Total liabilities	$ 820,642	$ 972,861
Total deferred inflows	18,155	17,217
Total fund balance	5,247,084	4,096,222
Total liabilities, deferred inflows and fund balance	$ 6,085,881	$ 5,086,300

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

	2021	2020
Total revenues	$ 6,000,216	$ 4,783,494
Total expenditures	(4,849,354)	(4,062,847)
Revenues over expenditures	1,150,862	720,647
Other changes in fund balance		25,114
Net change in fund balance	$ 1,150,862	$ 745,761

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

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of June 30, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 3,954,205	$ 2,782,281
Total liabilities	$ 5,419	$ 7,887
Total deferred inflows	47,771	28,295
Total fund balance	3,901,015	2,746,099
Total liabilities, deferred inflows and fund balance	$ 3,954,205	$ 2,782,281

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

	2021	2020
Total revenues	$ 3,732,805	$ 2,512,877
Total expenditures	(2,704,914)	(2,002,315)
Revenues over expenditures	1,027,891	510,562
Other changes in fund balance	127,025	173,572
Net change in fund balance	$ 1,154,916	$ 684,134

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues and 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, 2021 and 2020 is as follows:

	2021	2020
Total assets	$ 951,847	$ 981,334
Total liabilities	$ 3,425.00	$ 3,425
Total fund balance	948,422	977,909
Total liabilities and fund balance	$ 951,847	$ 981,334

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

	2021	2020
Total revenues	$ 513	$ 2,926
Total expenditures	(11,442,975)	(15,747,649)
Revenues under expenditures	(11,442,462)	(15,744,723)
Other changes in fund balance	11,412,975	14,566,314
Net change in fund balance	$ (29,487)	$ (1,178,409)

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2020 Unlimited Tax Bonds in the current year and the sale of its Series 2019 Unlimited Tax Bonds and the use of surplus funds from its Series 2019, 2018 and 2016 Unlimited Tax Bonds in the prior year.

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $597,030 greater than budgeted. The *Budgetary Comparison Schedule* on page 32 of this report provides variance information per financial statement line item.

Capital Assets

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

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, 2021, capital assets in the amount of $2,909,421 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 9.

Capital assets held by the District at June 30, 2021 and 2020 are summarized as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 20,172,690	$ 3,003,850	$ 23,176,540
Drainage impact fees	240,000		240,000
	20,412,690	3,003,850	23,416,540
Capital assets being depreciated			
Water, sewer and drainage systems	53,722,800	15,448,920	69,171,720
Other facilities	523,170		523,170
Landscaping improvements	1,442,889		1,442,889
	55,688,859	15,448,920	71,137,779
Less accumulated depreciation			
Water, sewer and drainage systems	(4,913,651)	(1,537,149)	(6,450,800)
Other facilities	(74,735)	(14,947)	(89,682)
Landscaping improvements	(483,900)	(120,975)	(604,875)
	(5,472,286)	(1,673,071)	(7,145,357)
Subtotal depreciable capital assets, net	50,216,573	13,775,849	63,992,422
Capital assets, net	$ 70,629,263	$ 16,779,699	$ 87,408,962

Capital asset additions during the current year include the following:

- Utilities to serve Tamarron, Sections 12, 14, 15, 21, 26, 27, 28 and 38
- Utilities to serve Tamarron Crossing, Section 2
- Wastewater treatment plant decommissioning project
- Detention and grading, Phase IV
- Lift Stations no. 3 and 5
- Water well no. 3

Long-Term Debt and Related Liabilities

As of June 30, 2021, the District owes approximately $79,093,453 to its 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 $9,330,155 for projects under construction by the developers. As noted, the District will owe the 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 is trued up when the developers are reimbursed.

At June 30, 2021 and 2020, the District had total bonded debt outstanding as shown below:

Series	2021	2020
2016	$ 14,390,000	$ 14,810,000
2017 Road	5,305,000	5,455,000
2018	9,055,000	9,295,000
2019	14,385,000	14,765,000
2020	11,540,000	
	$ 54,675,000	$ 44,325,000

During the current year, the District issued $11,540,000 in unlimited tax bonds. At June 30, 2021, the District had $268,500,000 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 $480,450,000 for the refunding of such bonds; $34,450,000 for parks and recreational facilities and $51,675,000 for the refunding of such bonds; and $127,575,000 for road improvements and $199,950,000 for the refunding of such bonds.

Next Year's Budget

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

	2021 Actual	2022 Budget
Total revenues	$ 6,000,216	$ 5,390,632
Total expenditures	(4,849,354)	(4,977,060)
Revenues over expenditures	1,150,862	413,572
Beginning fund balance	4,096,222	5,247,084
Ending fund balance	$ 5,247,084	$ 5,660,656

Property Taxes

The District's property tax base increased approximately $212,446,000 for the 2021 tax year from $425,726,462 to $638,172,321. This increase was primarily due to new construction in the District and increased property values. For the 2021 tax year, the District has levied a maintenance tax rate of $0.555 per $100 of assessed value; a water, sewer and drainage debt service tax rate of $0.63 per $100 of assessed value; and a road debt service tax rate of $0.085 per $100 of assessed value, for a total combined tax rate of $1.27 per $100. Tax rates for the 2020 tax year were $0.395 per $100 for maintenance and operations; $0.79 per $100 for water, sewer and drainage debt service and $0.085 per $100 for road debt service for a combined total of $1.27 per $100 of assessed value.

Basic Financial Statements

Fort Bend County Municipal Utility District No. 182
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 5,121,339	$ 3,913,808	$ 982,604	$ 10,017,751	$ -	$ 10,017,751
Investments	486,687			486,687		486,687
Taxes receivable	18,155	47,771		65,926		65,926
Customer service receivables, net	371,029			371,029		371,029
Internal balances	38,131	(7,374)	(30,757)			
Other receivables	3,008			3,008		3,008
Prepaid items	47,532			47,532		47,532
Capital assets not being depreciated					23,416,540	23,416,540
Capital assets, net					63,992,422	63,992,422
Total Assets	$ 6,085,881	$ 3,954,205	$ 951,847	$ 10,991,933	87,408,962	98,400,895
Liabilities						
Accounts payable	$ 457,617	$ -	$ 3,425.00	$ 461,042		461,042
Retainage payable	3,428			3,428		3,428
Other payables	3,822	5,419		9,241		9,241
Customer deposits	355,775			355,775		355,775
Accrued interest payable					519,553	519,553
Due to developers					79,093,453	79,093,453
Long-term debt						
Due within one year					1,580,000	1,580,000
Due after one year					52,722,364	52,722,364
Total Liabilities	820,642	5,419	3,425	829,486	133,915,370	134,744,856
Deferred Inflows of Resources						
Deferred property taxes	18,155	47,771		65,926	(65,926)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	47,532			47,532	(47,532)	
Restricted		3,901,015	948,422	4,849,437	(4,849,437)	
Unassigned	5,199,552			5,199,552	(5,199,552)	
Total Fund Balances	5,247,084	3,901,015	948,422	10,096,521	(10,096,521)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,085,881	$ 3,954,205	$ 951,847	$ 10,991,933		
Net Position						
Net investment in capital assets					(12,490,102)	(12,490,102)
Restricted for debt service					3,429,233	3,429,233
Unrestricted					(27,283,092)	(27,283,092)
Total Net Position					$ (36,343,961)	$ (36,343,961)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 182
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 639,500	$ -	$ -	$ 639,500	$ -	$ 639,500
Sewer service	941,574			941,574		941,574
Property taxes	1,675,726	3,702,391		5,378,117	17,879	5,395,996
Penalties and interest	44,444	28,005		72,449	2,536	74,985
Regional water authority fees	1,127,149			1,127,149		1,127,149
Tap connection and inspection	1,464,244			1,464,244		1,464,244
Miscellaneous	95,438			95,438		95,438
Investment earnings	12,141	2,409	513	15,063		15,063
Total Revenues	6,000,216	3,732,805	513	9,733,534	20,415	9,753,949
Expenditures/Expenses						
Current service operations						
Professional fees	349,132		30,756	379,888		379,888
Contracted services	956,199	73,015		1,029,214		1,029,214
Repairs and maintenance	1,664,660			1,664,660		1,664,660
Utilities	210,979			210,979		210,979
Regional water authority fees	1,157,686			1,157,686		1,157,686
Administrative	140,757	5,476		146,233		146,233
Other	5,141	916		6,057		6,057
Lease payments	364,800			364,800		364,800
Capital outlay			9,632,635	9,632,635	(9,632,635)	
Debt service						
Principal		1,190,000		1,190,000	(1,190,000)	
Interest and fees		1,435,507		1,435,507	90,244	1,525,751
Developer interest			933,137	933,137		933,137
Debt issuance costs			846,447	846,447		846,447
Depreciation					1,673,071	1,673,071
Total Expenditures/Expenses	4,849,354	2,704,914	11,442,975	18,997,243	(9,059,320)	9,937,923
Revenues Over/(Under)						
Expenditures/Expenses	1,150,862	1,027,891	(11,442,462)	(9,263,709)	9,079,735	(183,974)
Other Financing Sources						
Proceeds from sale of bonds		127,025	11,412,975	11,540,000	(11,540,000)	
Other Item						
Transfers to other governments					(2,909,421)	(2,909,421)
Net Change in Fund Balances	1,150,862	1,154,916	(29,487)	2,276,291	(2,276,291)	
Change in Net Position					(3,093,395)	(3,093,395)
Fund Balance/Net Position						
Beginning of the year	4,096,222	2,746,099	977,909	7,820,230	(41,070,796)	(33,250,566)
End of the year	$ 5,247,084	$ 3,901,015	$ 948,422	$ 10,096,521	$ (46,440,482)	$ (36,343,961)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 182 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated March 16, 2006, and operates in accordance with Section 52, Article III and Section 59, Article XVI of the Texas Constitution and the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on August 8, 2006 and the first bonds were issued on June 23, 2016.

The District's primary activities include construction, maintenance and operation of water, sewer, drainage, parks and recreational facilities. As further discussed in Note 9, the District is responsible for the construction of certain road facilities within the boundaries of the District, which are considered capital assets of Fort Bend County. 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*.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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. 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 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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.

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, 2021, an allowance of $10,400 was provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes 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 of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	45 years
Other facilities	10-35 years
Landscaping improvements	10-25 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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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 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 balances, governmental funds		$ 10,096,521
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 94,554,319	
Less accumulated depreciation	(7,145,357)	
Change due to capital assets		87,408,962
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(79,093,453)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(54,302,364)	
Interest payable on bonds	(519,553)	
Change due to long-term debt		(54,821,917)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		65,926
Total net position - governmental activities		$ (36,343,961)

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

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		$ 2,276,291
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 penalties and interest.		20,415
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 9,632,635	
Depreciation expense	(1,673,071)	
		7,959,564
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long-term debt	(11,540,000)	
Principal payments	1,190,000	
Interest expense accrual	(90,244)	
		(10,440,244)
The District conveys its roads to Fort Bend County upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments.		(2,909,421)
Change in net position of governmental activities		$ (3,093,395)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) 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, 2021, the District's investments consisted entirely of certificates of deposit in the amount of $486,687 in the General Fund. These investments are reported at cost.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at June 30, 2021, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 7,374	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	30,757	Bond application fees 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.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2021, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 20,172,690	$ 3,003,850	$ 23,176,540
Drainage impact fees	240,000		240,000
	20,412,690	3,003,850	23,416,540
Capital assets being depreciated			
Water, sewer and drainage systems	53,722,800	15,448,920	69,171,720
Other facilities	523,170		523,170
Landscaping improvements	1,442,889		1,442,889
	55,688,859	15,448,920	71,137,779
Less accumulated depreciation			
Water, sewer and drainage systems	(4,913,651)	(1,537,149)	(6,450,800)
Other facilities	(74,735)	(14,947)	(89,682)
Landscaping improvements	(483,900)	(120,975)	(604,875)
	(5,472,286)	(1,673,071)	(7,145,357)
Subtotal depreciable capital assets, net	50,216,573	13,775,849	63,992,422
Capital assets, net	$ 70,629,263	$ 16,779,699	$ 87,408,962

Depreciation expense for the current year was $1,673,071.

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 advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

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

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

Due to developers, beginning of year	$ 67,363,897
Developer funded construction and adjustments	21,362,191
Developer reimbursements	(9,632,635)
Due to developers, end of year	$ 79,093,453

In addition, the District will owe its developers approximately $9,330,155, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Tamarron Section 33 - utilities	$ 2,549,486	$ 2,325,106	$ 224,380
Tamarron Section 44 - utilities	1,092,745	949,653	143,092
Tamarron Section 21 - paving	1,283,352	1,161,439	121,913
Detention and grading, Phase VII	2,893,574	1,785,877	1,107,697
Tamaron Parkway Phase IV	996,490	955,704	40,786
Water well No. 3 - connection line	514,508	495,450	19,058
	$ 9,330,155	$ 7,673,229	$ 1,656,926

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 54,675,000
Unamortized discounts	(372,636)
	$ 54,302,364
Due within one year	$ 1,580,000

Note 7 – Long-Term Debt (continued)

The District's bonds payable at June 30, 2021, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2016	$ 14,390,000	$ 15,970,000	3.00% - 4.00%	September 1, 2017 - 2041	September 1, March 1	September 1, 2024
2017 Road	5,305,000	5,725,000	2.00% - 4.50%	September 1, 2018 - 2042	September 1, March 1	September 1, 2025
2018	9,055,000	9,525,000	2.25% - 3.75%	September 1, 2019 - 2043	September 1, March 1	September 1, 2023
2019	14,385,000	14,765,000	2.00% - 2.75%	September 1, 2020 - 2044	September 1, March 1	September 1, 2024
2020	11,540,000	11,540,000	2.00% - 3.50%	September 1, 2021 - 2045	September 1, March 1	September 1, 2025
	$ 54,675,000					

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, 2021, the District had authorized but unissued bonds in the amount of $268,500,000 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 $480,450,000 for the refunding of such bonds; $34,450,000 for parks and recreational facilities and $51,675,000 for the refunding of such bonds; $127,575,000 for road improvements and $199,950,000 for the refunding of such bonds.

On September 9, 2020, the District issued its $11,540,000 Series 2020 Unlimited Tax Bonds at a net effective interest rate of 2.254273%. Proceeds of the bonds were used (1) to reimburse developers for the cost of capital assets constructed within the District 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	$	44,325,000
Bonds issued		11,540,000
Bonds retired		(1,190,000)
Bonds payable, end of year	$	54,675,000

Note 7 – Long-Term Debt (continued)

As of June 30, 2021, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2022	$ 1,580,000	$ 1,521,171	$ 3,101,171
2023	1,620,000	1,471,581	3,091,581
2024	1,685,000	1,419,596	3,104,596
2025	1,750,000	1,366,499	3,116,499
2026	1,815,000	1,315,995	3,130,995
2027	1,875,000	1,268,313	3,143,313
2028	1,945,000	1,220,213	3,165,213
2029	2,015,000	1,169,460	3,184,460
2030	2,085,000	1,116,457	3,201,457
2031	2,160,000	1,061,320	3,221,320
2032	2,250,000	1,003,713	3,253,713
2033	2,330,000	942,947	3,272,947
2034	2,415,000	878,706	3,293,706
2035	2,495,000	810,846	3,305,846
2036	2,595,000	738,803	3,333,803
2037	2,690,000	662,735	3,352,735
2038	2,790,000	583,507	3,373,507
2039	2,890,000	499,913	3,389,913
2040	2,995,000	411,156	3,406,156
2041	3,105,000	318,396	3,423,396
2042	3,220,000	221,640	3,441,640
2043	2,300,000	138,254	2,438,254
2044	2,000,000	76,138	2,076,138
2045	1,460,000	30,044	1,490,044
2046	610,000	6,099	616,099
	$ 54,675,000	$ 20,253,502	$ 74,928,502

Note 8 – Property Taxes

On May, 21, 2007, 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. On May 14, 2014, additional taxes limited to $1.50 per $100 assessed value for use in financing road facilities and $0.10 per $100 of assessed value for use in financing park and recreational facilities were authorized. 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.

Note 8 – Property Taxes (continued)

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 2021 fiscal year was financed through the 2020 tax levy, pursuant to which the District levied property taxes of $1.27 per $100 of assessed value, of which $0.395 was allocated to maintenance and operations; $0.79 was allocated to water, sewer and drainage debt service; and $0.085 was allocated to road debt service. The resulting tax levy was $5,406,725 on the adjusted taxable value of $425,726,462.

Property taxes receivable, at June 30, 2021, consisted of the following:

Current year taxes receivable	$ 53,815
Prior years taxes receivable	2,944
	56,759
Penalty and interest receivable	9,167
Property taxes receivable	$ 65,926

Note 9 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developers are subsequently reimbursed. For the year ended June 30, 2021, the District recorded transfers to other governments in the amount of $2,909,421 for road facilities constructed by a developer within the District.

Note 10 – Lease Agreement

On April 8, 2014, the District entered into an operating lease agreement for a temporary wastewater treatment plant. This lease is for a 60-month term, unless otherwise terminated, with an initial monthly payment of $10,260. Effective March 2020, the District extended the lease on a month to month basis at a rate of $8,500. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment.

On January 8, 2018, the District entered into a second operating lease agreement for a temporary wastewater treatment plant. This lease is for a 60-month term, unless otherwise terminated. The District has the option to extend the lease on a month to month basis following expiration of the term. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. Monthly payments for the lease are $7,800.

Note 10 – Lease Agreement (continued)

On September 4, 2018, the District entered into a third operating lease agreement for a temporary wastewater treatment plant. This lease is for a 60-month term, unless otherwise terminated. The District has the option to extend the lease on a month to month basis following expiration of the term. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. Monthly payments for the lease are $14,100.

For the current fiscal year, total lease expense was $364,800. Future minimum leases payments as of June 30, 2021 for all term leases are as follows:

Year	Amount
2022	$ 262,800
2023	262,800
2024	247,200
2025	56,400
	$ 829,200

Standard lease terms require the District to prepay the first and last month's lease payment upon inception of the lease. All such amounts are recorded as prepaid items on the *Statement of Net Position* and *Balance Sheet.*

Note 11 – Risk Management

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

Required Supplementary Information

Fort Bend County Municipal Utility District No. 182
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 515,000	$ 639,500	$ 124,500
Sewer service	615,000	941,574	326,574
Property taxes	1,860,432	1,675,726	(184,706)
Penalties and interest	45,000	44,444	(556)
Regional water authority fees	845,000	1,127,149	282,149
Tap connection and inspection	500,000	1,464,244	964,244
Miscellaneous	200	95,438	95,238
Investment earnings	20,000	12,141	(7,859)
Total Revenues	4,400,632	6,000,216	1,599,584
Expenditures			
Current service operations			
Professional fees	275,500	349,132	(73,632)
Contracted services	352,000	956,199	(604,199)
Repairs and maintenance	1,875,000	1,664,660	210,340
Utilities	120,000	210,979	(90,979)
Regional water authority fees	750,000	1,157,686	(407,686)
Administrative	104,500	140,757	(36,257)
Other	5,000	5,141	(141)
Lease payments	364,800	364,800	
Total Expenditures	3,846,800	4,849,354	(1,002,554)
Revenues Over Expenditures	553,832	1,150,862	597,030
Fund Balance			
Beginning of the year	4,096,222	4,096,222	
End of the year	$ 4,650,054	$ 5,247,084	$ 597,030

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

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

- [X] Retail Water
- [ ] Wholesale Water
- [ ] Solid Waste / Garbage
- [X] Drainage
- [X] Retail Wastewater
- [ ] Wholesale Wastewater
- [ ] Flood Control
- [ ] Irrigation
- [ ] Parks / Recreation
- [ ] Fire Protection
- [ ] Roads
- [ ] Security
- [ ] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
- [ ] Other (Specify): ______

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		no limit
Wastewater:	$ 32.50	N	Y			to	
Surcharge:	$ 4.68	N	N	$ 4.68	1	to	no limit

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

Total charges per 10,000 gallons usage: Water $ 64.80 Wastewater $ 32.50

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	2,599	2,550	x 1.0	2,550
1"	77	77	x 2.5	193
1.5"			x 5.0	
2"	21	21	x 8.0	168
3"			x 15.0	
4"	2	2	x 25.0	50
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	2,699	2,650		2,961
Total Wastewater	2,669	2,620	x 1.0	2,620

See accompanying auditor's report.

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

Gallons pumped into system:	268,269,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	245,178,000	91.39%

4. Standby Fees (authorized only under TWC Section 49.231):
   (You may omit this information if your district does not levy standby fees)

   Does the District have Debt Service standby fees? Yes [ ] No [X]

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

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

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

5. Location of District:

   Is the District located entirely within one county? Yes [X] No [ ]

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

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

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

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

   Entirely [X] 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 [X]

   If Yes, by whom? ______

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-2 General Fund Expenditures
For the Year Ended June 30, 2021

Professional fees	
Legal	$ 55,393
Audit	10,500
Engineering	283,239
	349,132
Contracted services	
Bookkeeping	15,375
Operator	94,591
Sludge removal	83,232
Tap connection and inspection	586,269
Garbage	176,732
	956,199
Repairs and maintenance	1,664,660
Utilities	210,979
Regional water authority	1,157,686
Administrative	
Directors fees	13,200
Printing and office supplies	83,718
Insurance	30,631
Other	13,208
	140,757
Other	5,141
Lease payments	364,800
Total expenditures	$ 4,849,354

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-3. Investments
June 30, 2021

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
Certificates of deposit	0.65%	07/23/21	$ 240,000	$ 1,466
Certificates of deposit	0.70%	08/08/21	246,687	1,542
			$ 486,687	$ 3,008

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-4. Taxes Levied and Receivable
June 30, 2021

	Maintenance Taxes	Debt Service Taxes	Debt Service Road Taxes	Totals
Taxes Receivable, Beginning of Year	$ 17,217	$ 18,559	$ 3,105	$ 38,881
Adjustments to Prior Year Tax Levy	(4,829)	(5,034)	(867)	(10,730)
Adjusted Receivable	12,388	13,525	2,238	28,151
2020 Original Tax Levy	1,659,155	3,318,311	357,033	5,334,499
Adjustments	22,464	44,928	4,834	72,226
Adjusted Tax Levy	1,681,619	3,363,239	361,867	5,406,725
Total to be accounted for	1,694,007	3,376,764	364,105	5,434,876
Tax collections:				
Current year	1,664,881	3,329,763	358,266	5,352,910
Prior years	10,971	12,260	1,976	25,207
Total Collections	1,675,852	3,342,023	360,242	5,378,117
Taxes Receivable, End of Year	$ 18,155	$ 34,741	$ 3,863	$ 56,759
Taxes Receivable, By Years				
2020	$ 16,738	$ 33,476	$ 3,601	$ 53,815
2019	393	449	70	912
2018	987	791	181	1,959
2017 and prior	37	25	11	73
Taxes Receivable, End of Year	$ 18,155	$ 34,741	$ 3,863	$ 56,759

	2020	2019	2018	2017
Property Valuations:				
Land	$111,015,370	$ 92,810,676	$ 75,513,990	$ 64,586,650
Improvements	330,514,354	249,356,070	182,761,680	128,373,520
Personal Property	760,150	477,930	407,790	222,250
Exemptions	(16,563,412)	(11,575,090)	(6,352,233)	(3,690,581)
Total Property Valuations	$425,726,462	$331,069,586	$252,331,227	$189,491,839
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.395	$ 0.56	$ 0.680	$ 0.81
Debt service WSD tax rates	0.790	0.64	0.545	0.50
Debt service road tax rates	0.085	0.10	0.125	0.19
Total Tax Rates per $100 Valuation	$ 1.270	$ 1.30	$ 1.350	$ 1.50
Adjusted Tax Levy	$ 5,406,725	$ 4,303,905	$ 3,406,472	$ 2,842,378
Percentage of Taxes Collected to Taxes Levied **	99.00%	99.98%	99.94%	99.99%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 21, 2007
* Maximum Road Tax Rate Approved by Voters: $1.50 on May 14, 2014
* Maximum Park Tax Rate Approved by Voters: $0.10 on May 14, 2014
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
June 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 440,000	$ 458,819	$ 898,819
2023	455,000	440,919	895,919
2024	475,000	422,319	897,319
2025	495,000	402,919	897,919
2026	520,000	385,219	905,219
2027	540,000	369,319	909,319
2028	565,000	352,744	917,744
2029	585,000	335,494	920,494
2030	610,000	317,569	927,569
2031	635,000	298,894	933,894
2032	665,000	279,394	944,394
2033	690,000	259,069	949,069
2034	720,000	237,919	957,919
2035	750,000	215,869	965,869
2036	785,000	192,353	977,353
2037	820,000	167,275	987,275
2038	855,000	141,103	996,103
2039	890,000	112,724	1,002,724
2040	925,000	82,096	1,007,096
2041	965,000	50,202	1,015,202
2042	1,005,000	16,958	1,021,958
	$ 14,390,000	$ 5,539,177	$ 19,929,177

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-5. Long-Term Debt Service Requirements
Series 2017 Road--by Years
June 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 155,000	$ 175,931	$ 330,931
2023	160,000	168,844	328,844
2024	165,000	161,531	326,531
2025	175,000	156,069	331,069
2026	180,000	152,294	332,294
2027	190,000	147,894	337,894
2028	195,000	142,594	337,594
2029	205,000	136,594	341,594
2030	210,000	130,369	340,369
2031	220,000	123,919	343,919
2032	230,000	116,881	346,881
2033	240,000	109,244	349,244
2034	250,000	101,281	351,281
2035	255,000	92,756	347,756
2036	270,000	83,569	353,569
2037	280,000	73,944	353,944
2038	290,000	63,969	353,969
2039	300,000	53,644	353,644
2040	315,000	42,684	357,684
2041	325,000	31,084	356,084
2042	340,000	19,031	359,031
2043	355,000	6,434	361,434
	$ 5,305,000	$ 2,290,560	$ 7,595,560

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
June 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 250,000	$ 302,334	$ 552,334
2023	255,000	296,462	551,462
2024	270,000	290,027	560,027
2025	280,000	282,942	562,942
2026	290,000	275,244	565,244
2027	300,000	266,906	566,906
2028	315,000	257,831	572,831
2029	325,000	248,028	573,028
2030	340,000	237,425	577,425
2031	350,000	226,213	576,213
2032	365,000	214,594	579,594
2033	380,000	202,250	582,250
2034	395,000	188,925	583,925
2035	410,000	174,837	584,837
2036	430,000	160,137	590,137
2037	445,000	144,547	589,547
2038	465,000	128,054	593,054
2039	480,000	110,626	590,626
2040	500,000	92,251	592,251
2041	520,000	73,126	593,126
2042	540,000	53,251	593,251
2043	565,000	32,532	597,532
2044	585,000	10,969	595,969
	$ 9,055,000	$ 4,269,511	$ 13,324,511

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
June 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 390,000	$ 335,643	$ 725,643
2023	405,000	327,693	732,693
2024	420,000	319,444	739,444
2025	435,000	310,894	745,894
2026	450,000	302,044	752,044
2027	465,000	292,894	757,894
2028	480,000	283,444	763,444
2029	500,000	273,644	773,644
2030	515,000	263,494	778,494
2031	535,000	252,994	787,994
2032	555,000	242,094	797,094
2033	575,000	230,434	805,434
2034	595,000	217,631	812,631
2035	615,000	203,634	818,634
2036	635,000	188,394	823,394
2037	655,000	172,269	827,269
2038	680,000	155,581	835,581
2039	705,000	138,269	843,269
2040	730,000	119,875	849,875
2041	755,000	100,384	855,384
2042	780,000	79,750	859,750
2043	810,000	57,888	867,888
2044	835,000	35,269	870,269
2045	865,000	11,894	876,894
	$ 14,385,000	$ 4,915,554	$ 19,300,554

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
June 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 345,000	$ 248,444	$ 593,444
2023	345,000	237,663	582,663
2024	355,000	226,275	581,275
2025	365,000	213,675	578,675
2026	375,000	201,194	576,194
2027	380,000	191,300	571,300
2028	390,000	183,600	573,600
2029	400,000	175,700	575,700
2030	410,000	167,600	577,600
2031	420,000	159,300	579,300
2032	435,000	150,750	585,750
2033	445,000	141,950	586,950
2034	455,000	132,950	587,950
2035	465,000	123,750	588,750
2036	475,000	114,350	589,350
2037	490,000	104,700	594,700
2038	500,000	94,800	594,800
2039	515,000	84,650	599,650
2040	525,000	74,250	599,250
2041	540,000	63,600	603,600
2042	555,000	52,650	607,650
2043	570,000	41,400	611,400
2044	580,000	29,900	609,900
2045	595,000	18,150	613,150
2046	610,000	6,099	616,099
	$ 11,540,000	$ 3,238,700	$ 14,778,700

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 182
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2021

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 1,580,000	$ 1,521,171	$ 3,101,171
2023	1,620,000	1,471,581	3,091,581
2024	1,685,000	1,419,596	3,104,596
2025	1,750,000	1,366,499	3,116,499
2026	1,815,000	1,315,995	3,130,995
2027	1,875,000	1,268,313	3,143,313
2028	1,945,000	1,220,213	3,165,213
2029	2,015,000	1,169,460	3,184,460
2030	2,085,000	1,116,457	3,201,457
2031	2,160,000	1,061,320	3,221,320
2032	2,250,000	1,003,713	3,253,713
2033	2,330,000	942,947	3,272,947
2034	2,415,000	878,706	3,293,706
2035	2,495,000	810,846	3,305,846
2036	2,595,000	738,803	3,333,803
2037	2,690,000	662,735	3,352,735
2038	2,790,000	583,507	3,373,507
2039	2,890,000	499,913	3,389,913
2040	2,995,000	411,156	3,406,156
2041	3,105,000	318,396	3,423,396
2042	3,220,000	221,640	3,441,640
2043	2,300,000	138,254	2,438,254
2044	2,000,000	76,138	2,076,138
2045	1,460,000	30,044	1,490,044
2046	610,000	6,099	616,099
	$ 54,675,000	$ 20,253,502	$ 74,928,502

See accompanying auditors' report.

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Fort Bend County Municipal Utility District No. 182
TSI-6. Change in Long-Term Bonded Debt
June 30, 2021

	Bond Issue			
	Series 2016	Series 2017 Road	Series 2018	Series 2019
Interest rate	3.00% - 4.00%	2.00% - 4.50%	2.25% - 3.75%	2.00% - 2.75%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/17 - 9/1/41	9/1/18 - 9/1/42	9/1/19 - 9/1/43	9/1/20 - 9/1/44
Beginning bonds outstanding	$ 14,810,000	$ 5,455,000	$ 9,295,000	$ 14,765,000.00
Bonds issued				
Bonds retired	(420,000)	(150,000)	(240,000)	(380,000)
Ending bonds outstanding	$ 14,390,000	$ 5,305,000	$ 9,055,000	$ 14,385,000
Interest paid during fiscal year	$ 476,019	$ 182,794	$ 308,746	$ 343,344
Paying agent's name and city				
All Series	Regions Bank, an Alabama banking corporation, Houston, Texas			

Bond Authority:	System Bonds	Park Bonds	Road Bonds
Amount Authorized by Voters	$ 320,300,000	$ 34,450,000	$ 133,300,000
Amount Issued	(51,800,000)		(5,725,000)
Remaining To Be Issued	$ 268,500,000	$ 34,450,000	$ 127,575,000

Bond Authority:	Refunding System Bonds	Refunding Park Bonds	Refunding Road Bonds
Amount Authorized by Voters	$ 480,450,000	$ 51,675,000	$ 199,950,000
Amount Issued			
Remaining To Be Issued	$ 480,450,000	$ 51,675,000	$ 199,950,000

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

Debt Service Fund cash and investment balances as of June 30, 2021:	$ 3,913,808
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,997,140

See accompanying auditors' report.

Bond Issue	
Series 2020	Totals
2.00% - 3.50%	
9/1; 3/1	
9/1/21 - 9/1/45	
$ -	$ 44,325,000
11,540,000	11,540,000
	(1,190,000)
$ 11,540,000	$ 54,675,000
$ 127,025	$ 1,437,928

Fort Bend County Municipal Utility District No. 182
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Water service	$ 639,500	$ 434,223	$ 420,292	$ 288,372	$ 238,660
Sewer service	941,574	604,420	556,601	401,789	311,254
Property taxes	1,675,726	1,844,320	1,767,498	1,495,676	746,750
Penalties and interest	44,444	39,944	27,756	19,215	12,853
Regional Water Authority fees	1,127,149	833,350	583,716	407,118	271,992
Tap connection and inspection	1,464,244	976,865	497,270	462,680	365,530
Miscellaneous	95,438	9,796	8,596	3,720	1,160
Investment earnings	12,141	40,576	28,639	8,605	1,258
Total Revenues	6,000,216	4,783,494	3,890,368	3,087,175	1,949,457
Expenditures					
Current service operations					
Professional fees	349,132	454,834	264,387	236,784	205,537
Contracted services	956,199	524,804	351,700	319,675	269,403
Repairs and maintenance	1,664,660	1,670,322	993,584	578,282	331,381
Utilities	210,979	119,643	110,880	88,095	81,583
Regional Water Authority fees	1,157,686	791,447	583,086	443,323	265,927
Administrative	140,757	106,356	83,886	76,719	64,309
Other	5,141	4,411	5,745	411	3,115
Lease payments	364,800	322,480	138,720	123,120	123,120
Capital outlay		68,550	33,466	255,960	
Total Expenditures	4,849,354	4,062,847	2,565,454	2,122,369	1,344,375
Revenues Over Expenditures	$1,150,862	$ 720,647	$1,324,914	$ 964,806	$ 605,082
Total Active Retail Water Connections	2,650	1,871	1,496	1,250	947
Total Active Retail Wastewater Connections	2,620	1,840	1,469	1,227	930

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
11%	9%	11%	10%	12%
16%	13%	14%	13%	16%
27%	39%	45%	48%	38%
1%	1%	1%	1%	1%
19%	17%	15%	13%	14%
24%	20%	13%	15%	19%
2%	*	*	*	*
*	1%	1%	*	*
100%	100%	100%	100%	100%
6%	10%	7%	8%	11%
16%	11%	9%	10%	14%
28%	35%	26%	19%	17%
4%	3%	3%	3%	4%
19%	17%	15%	14%	14%
2%	2%	2%	2%	3%
*	*	*	*	*
6%	7%	4%	4%	6%
	1%	1%	8%	
81%	86%	67%	68%	69%
19%	14%	33%	32%	31%

Fort Bend County Municipal Utility District No. 182
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2021	2020	2019	2018	2017
Revenues					
Property taxes	$3,702,391	$2,479,089	$1,690,267	$1,293,958	$ 876,486
Penalties and interest	28,005	23,669	27,026	21,505	7,008
Miscellaneous		50	200	20	90
Investment earnings	2,409	10,069	9,692	4,798	1,740
Total Revenues	3,732,805	2,512,877	1,727,185	1,320,281	885,324
Expenditures					
Tax collection services	79,407	64,971	53,661	38,736	23,684
Debt service					
Principal	1,190,000	780,000	510,000	370,000	
Interest and fees	1,435,507	1,157,344	860,627	636,606	366,481
Total Expenditures	2,704,914	2,002,315	1,424,288	1,045,342	390,165
Revenues Over Expenditures	$1,027,891	$ 510,562	$ 302,897	$ 274,939	$ 495,159

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
99%	99%	97%	98%	99%
1%	1%	2%	2%	1%
	*	*	*	*
*	*	1%	*	*
100%	100%	100%	100%	100%
2%	3%	3%	3%	3%
32%	31%	30%	28%	
38%	46%	50%	48%	41%
72%	80%	83%	79%	44%
28%	20%	17%	21%	56%

Fort Bend County Municipal Utility District No. 182
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2021

Complete District Mailing Address:	9 Greenway Plaza, Suite 1000, Houston, Texas 77046-0905
District Business Telephone Number:	(713) 651-0111
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 27, 2020
Limit on Fees of Office that a Director may receive during a fiscal year:	$ 7,200

(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
D. Scott Sullivan	05/18 - 05/22	$ 2,100	$ -	President
Clay Brandenburg	05/20 - 05/24	2,850		Vice President
Rebecca Kerr	05/18 - 05/22	1,950		Secretary
Dara Sigloch	05/20 - 05/24	4,650		Assistant Secretary
Jorge Garcia	02/20 - 05/22	2,400		Assistant Secretary
		Amounts Paid		
Consultants				
Coats Rose P.C.	2006	$ 234,967		Attorney
Si Environmental	2013	1,680,659		Operator
Myrtle Cruz, Inc.	2013	19,875		Bookkeeper
Assessments of the Southwest	2013	28,612		Tax Collector
Champions Hydro-Lawn, Inc.	2017	889,418		Drainage Consultant
Fort Bend Central Appraisal District	Legislation	35,826		Property Valuation
LJA Engineering	2013	394,347		Engineer
McGrath & Co., PLLC	2014	19,500		Auditor
Robert W. Baird & Co.	2015	233,368		Financial Advisor

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

See accompanying auditors' 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:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)