

OFFICIAL STATEMENT DATED JANUARY 19, 2022

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The District has designated the Bonds as "qualified tax-exempt obligations." See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (AGM Insured)... "AA" (stable outlook)
Moody's Investors Service, Inc. (AGM Insured)... "A2" (stable outlook)
Moody's Investors Service, Inc. (Underlying)... "A3"
See "BOND INSURANCE" and "RATINGS" herein

\$4,550,000
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 29
(A Political Subdivision of the State of Texas located within Brazoria County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2022

Dated: February 1, 2022

Due: March 1, as shown on inside cover

Interest Accrual Date: Date of Delivery

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected February 17, 2022) (the "Date of Delivery"), and is payable on September 1, 2022, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

The Bonds maturing on and after March 1, 2028, are subject to redemption prior to maturity at the option of Brazoria County Municipal Utility District No. 29 (the "District"), as a whole or in part, on March 1, 2027, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer").



See Maturity and Pricing Schedule on the inside cover

The proceeds of the sale of the Bonds, plus certain other lawfully available funds of the District, will be applied to refund certain outstanding bonds of the District and to pay the costs of issuance of the Bonds. See "PLAN OF FINANCING - Use of Bond Proceeds." The Bonds, when issued, constitute valid and legally binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment."

Neither the State of Texas, the City of Manvel, Texas, Brazoria County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Manvel, Texas, or Brazoria County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered subject to prior sale, when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., Houston, Texas. Delivery of the Bonds in book-entry-form through DTC is expected on or about February 17, 2022.

SAMCO CAPITAL MARKETS

RBC CAPITAL MARKETS

MATURITY SCHEDULE**CUSIP Prefix ^(a): 10606T**

Maturity (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield ^(b)	CUSIP Suffix ^(a)
2023	\$305,000	3.00%	0.60%	HY2
2024	320,000	3.00	0.90	HZ9
2025	330,000	4.00	1.10	JA2
2026	345,000	4.00	1.28	JB0
2027	360,000	4.00	1.40	JC8
2028 ^(c)	380,000	3.00	1.50	JD6
2029 ^(c)	385,000	2.00	1.73	JE4
2030 ^(c)	400,000	2.00	1.85	JF1
2031 ^(c)	415,000	2.00	2.00	JG9
2032 ^(c)	425,000	2.00	2.08	JH7
2033 ^(c)	440,000	2.00	2.15	JJ3
2034 ^(c)	445,000	2.00	2.22	JK0

- (a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriters (as defined herein) take any responsibility for the accuracy of CUSIP numbers.
- (b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriters for public offerings, and which subsequently may be changed.
- (c) Subject to optional redemption as described on the front cover.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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, resolutions, contracts, audited financial statements, and engineering and other related reports set forth in the 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 Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 upon payment of duplication costs.

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, the other matters described in the Official Statement until delivery of the Bonds to the Underwriters (as defined herein), and thereafter only as described under "OFFICIAL STATEMENT - Updating of Official Statement."

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

Neither the District nor the Underwriters make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important investment considerations and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

Assured Guaranty Municipal Corp. (“AGM” or the “Insurer”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading “BOND INSURANCE” and “APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY.”

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets Inc. and RBC Capital Markets, LLC (“RBC”) (together referred to herein as the “Underwriters”) have agreed, pursuant to a Bond Purchase Agreement, to purchase the Bonds from the District for \$4,663,990.70 (an amount equal to the principal amount of the Bonds, less an Underwriters’ discount of \$33,442.50, plus a net original premium on the Bonds of \$147,433.20). The obligation of the Underwriters to purchase the Bonds is subject to the conditions contained in the Bond Purchase Agreement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

RBC has provided the following information for inclusion in this Official Statement: RBC and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriters on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have 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 Underwriters regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriters at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

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

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT 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 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 acts 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.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. (“AGM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. (“AGL”), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol “AGO”. AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM’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”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A2” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM 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 relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 20, 2021, KBRA announced it had affirmed AGM’s insurance financial strength rating of “AA+” (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2021, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

Capitalization of AGM

At September 30, 2021:

- The policyholders' surplus of AGM was approximately \$2,910 million.
- The contingency reserve of AGM was approximately \$963 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,124 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 (filed by AGL with the SEC on November 5, 2021).

All information relating to AGM included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AGM included herein under the caption "BOND INSURANCE - Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified

or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM 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 AGM supplied by AGM and presented under the heading “BOND INSURANCE.”

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

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 “BOND INSURANCE” and “RATINGS” herein.

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 Underwriters have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

RATINGS

The Bonds are expected to receive insured ratings of “AA” (stable outlook) from S&P Global Ratings (“S&P”), a business unit of Standard & Poor’s Financial Services LLC, and “A2” (stable outlook) from Moody’s Investors Service, Inc. (“Moody’s”), based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody’s is “A3.”

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody’s. The foregoing ratings express only the view of S&P and Moody’s 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 the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P and Moody’s, if, in any of their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P and Moody’s. See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer	Brazoria County Municipal Utility District No. 29 (the “District”), a political subdivision of the State of Texas, is located in Brazoria County, Texas. See “THE DISTRICT.”
The Issue	Brazoria County Municipal Utility District No. 29 Unlimited Tax Refunding Bonds, Series 2022, in the aggregate principal amount of \$4,550,000 are dated February 1, 2022. Interest on the Bonds accrues from the Date of Delivery (as defined herein), and is payable on September 1, 2022, and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds mature on March 1 in each of the years and in the amounts shown on the inside cover page of this Official Statement. The Bonds scheduled to mature on and after March 1, 2028, are subject to redemption, in whole or in part, prior to their scheduled maturities, on March 1, 2027, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. The Bonds will be issued pursuant to a Bond Resolution (the “Bond Resolution”) adopted by the Board of Directors of the District. The Bonds are being issued under the authority of Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended.
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See “THE BONDS - Source of Payment,” “TAX DATA - Tax Rate Calculations,” and “INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates.” The Bonds are obligations of the District, and are not obligations of the State of Texas, Brazoria County, Texas, the City of Manvel, Texas, or any entity other than the District.
Use of Bond Proceeds	Proceeds of the sale of the Bonds, together with other lawfully available funds of the District, will be applied to refund \$4,485,000 in principal amount of the District’s Unlimited Tax Refunding Bonds, Series 2015 (the “Series 2015 Refunding Bonds”). The Series 2015 Refunding Bonds that are being refunded by the Bonds

are hereinafter referred to as the “Refunded Bonds.” The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date, at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the “Paying Agent for the Refunded Bonds”). The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District’s debt service payments, and (ii) provide present value savings in the District’s debt service.

Payment Record

The District has, in addition to the Series 2015 Refunding Bonds, also issued Unlimited Tax Bonds, Series 2009 (the “Series 2009 Bonds”), Unlimited Tax Bonds, Series 2010 (the “Series 2010 Bonds”), Unlimited Tax Bonds, Series 2013 (the “Series 2013 Bonds”), Unlimited Tax Bonds, Series 2017 (the “Series 2017 Bonds”) and Unlimited Tax Bonds, Series 2021A (the “Series 2021A Bonds”) to finance water supply and distribution, wastewater collection and storm drainage facilities (the “System”). The District also has issued Unlimited Tax Refunding Bonds, Series 2016 (the “Series 2016 Refunding Bonds”) and Unlimited Tax Refunding Bonds, Series 2021 (the Series 2021 Refunding Bonds”) to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds previously issued by the District as the “Prior Bonds.” The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that has not been previously retired by the District is \$27,515,000 (the “Outstanding Bonds”). After issuance of the Bonds, the aggregate principal amount of the District’s Outstanding Bonds not heretofore paid by the District, less the Refunded Bonds, will be \$23,030,000 (the “Remaining Outstanding Bonds”) and the aggregate principal amount of the District’s bonded indebtedness, including the Bonds, will be \$27,580,000. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Authority for Issuance,” and - “Issuance of Additional Debt,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Qualified Tax-Exempt Obligations

The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS - Qualified Tax-Exempt Obligations.”

Authorized But Unissued Bonds

\$36,315,000 bonds for waterworks, wastewater and drainage facilities, \$6,000,000 for recreational facilities and \$42,725,000 for refunding purposes will remain authorized but unissued after issuance of the Bonds. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Municipal Bond Insurance	Assured Guaranty Municipal Corp. (“AGM”). See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”
Municipal Bond Rating	S&P Global Ratings (AGM Insured) “AA” (stable outlook). Moody’s Investors Service, Inc. (AGM Insured) “A2” (stable outlook). Moody’s Investors Service, Inc. (Underlying). “A3.” See “BOND INSURANCE” and “RATINGS.”
Legal Opinions	Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS.”
Verification Agent.....	Robert Thomas CPA, LLC. See “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS.”

THE DISTRICT

Description	<p>The District is a political subdivision of the State of Texas, created by Order of the TCEQ, on May 28, 2004. The District contains approximately 911.40 acres of land. The District is located entirely within the corporate boundaries of the City of Manvel, Texas (the “City”). The District is located approximately 18 miles south of the central business district of the City of Houston. The District is bounded on the west by County Road 48, on the east by State Highway 288, and on the north by County Road 58. Rodeo Palms Parkway crosses the southern portion of the District. The District lies within the Alvin Independent School District. See “THE DISTRICT - General,” - “Description” and “APPENDIX A - LOCATION MAP.”</p> <p>The City, the District and New Rodeo 288 Ltd. (“NR”) (defined below under the caption “Developers”) entered into an Amended and Restated Development Agreement dated August 27, 2007 (the “Development Agreement”), to provide a water distribution system, sanitary sewer collection system and a drainage system (the “System” or the “Facilities”) within the District. Under the terms of the Development Agreement, the District is responsible for constructing, owning and operating the System, and collects all water and sewer revenues from residents of the District. The City may by resolution require the District to convey its then-existing Facilities, and all Facilities thereafter constructed, to the City free and clear of all liens and encumbrances (but subject to the reservation of capacity and rights of reimbursement for funds advanced to the District with respect thereto), for ownership, operation and maintenance by the City at any time after the District has 800 active equivalent single-family connections (“ESFC”), based on an estimated average usage of 350 gallons of water per day. See “THE DISTRICT - Development Agreement.”</p>
Authority	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT - General.”
Development, Home Construction and Developers	As of December 1, 2021, development and home construction accomplished in the District include the completion of the development of 1,996 single-family residential lots, and 1,683

homes, including 32 homes under construction (see “Builders” below). In addition, the development of 212 single-family residential lots on approximately 68.95 acres located within the District is underway as described below.

According to the District’s Engineer, underground water, sewer and drainage facilities and street paving have been constructed to serve the aforementioned total of 1,996 single-family residential lots on approximately 499.20 acres platted as Rodeo Palms, Section 1; The Colony, Sections 1, 2, 4, 5 and 6; Palm Court, Sections 1 and 2; Palm Shore, Sections 1 through 3; Palm Villas, Sections 1 and 2; Palm Lakes; Royal Palms, Sections 1 and 2; Newport Lake Estates, Sections 1 and 2; and The Lakes, Sections 2 through 5; as is delineated in the chart that appears in this Official Statement under “DEVELOPMENT AND HOME CONSTRUCTION.” In addition, JJ Development (described under the caption “DEVELOPERS”) initiated the development of Yanni Palms, Section 1 (212 single-family residential lots, approximately 68.95 acres). However, in May 2021, JJ Development announced the foreclosure of its Yanni Palms development and the property has been foreclosed on by Romspen Investment Corporation (“Romspen”). The District cannot predict whether any future development will be undertaken in Yanni Palms or on any additional acres owned by Romspen. Since Romspen has no obligation to the District to complete the development of Yanni Palms, Section 1, the District cannot represent that the development thereof will be completed. See “DEVELOPERS.”

An approximately 16,400 square foot day care center has been constructed on approximately 2.14 acres of land within the District. Approximately 30.0 acres located within the District are owned by the Alvin Independent School District on which a middle school has been constructed. Approximately 200.64 undeveloped acres of land located within the District are available for future development. The balance of the land located within the District consists of easements, rights-of-way, and other land not available for development. Approximately 52.04 of such currently undeveloped acres that are available for future development are owned by New Rodeo 288, Ltd. (“NR”) (described under the caption “DEVELOPERS”), the developer of the 620 fully developed single-family residential lots that have been platted as The Colony, Sections 1, 2, 4 and 5; Palm Lakes; and Royal Palms, Sections 1 and 2. It is anticipated that NR will develop such currently undeveloped acreage in the future for commercial purposes. Approximately 11.05 of such undeveloped acres that are available for future development are owned by Newport Lake Estates Development, L.P. (“Newport”) (described under the caption “DEVELOPERS”), the developer of the 188 fully developed single-family residential lots that have been platted as Newport Lake Estates, Sections 1 and 2. It is anticipated that Newport will develop such currently undeveloped acreage in the future into approximately 24 single-family residential lots. Approximately 57.68 of such undeveloped acres that are available for future development are owned by Romspen (described under the caption “DEVELOPERS”), the successor to the developer of the 212 single-family residential lots that have been platted as Yanni Palms, Section 1. The District cannot predict whether any future development in Yanni Palms on the additional 57.68 acres owned by Romspen will take place. Approximately 79.87 of such

undeveloped acres that are available for future development are owned by Foxtail Sky (“Foxtail”) (described under the caption “DEVELOPERS”). It is anticipated that Foxtail will develop such currently undeveloped acreage in the future into single-family residential lots. Since no party, including NR, Newport, Romspen, or Foxtail has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2021 Taxpayers,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Builders

Princeton Classic Homes is currently constructing homes in The Lakes, Sections 2 and 3, which range in size from approximately 2,002 to 3,577 square feet of living area and in sales price from approximately \$355,819 to \$452,895.

K. Hovnanian Homes is currently selling homes in Newport Lake Estates, Section 2 which range in size from approximately 2,241 to 3,386 square feet of living area and in sales price from approximately \$339,990 to \$442,990.

Collective reference is made in this Official Statement to Princeton Classic Homes and K. Hovnanian Homes as the “Builders.”

Infectious Disease Outbreak (COVID-19)

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Over the ensuing years, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior

executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. 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 into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

INVESTMENT CONSIDERATIONS

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

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2021 Assessed Valuation..... (As of January 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"	\$ 376,407,839 (a)
Estimated Valuation at December 1, 2021 (As of December 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"	\$ 423,944,820 (b)
Direct Debt:	
Remaining Outstanding Bonds	\$ 23,030,000
The Bonds	<u>4,550,000</u>
Total	\$ 27,580,000 (c)
Estimated Overlapping Debt	\$ <u>40,858,709</u>
Total Direct and Estimated Overlapping Debt	\$ 68,438,709
Direct Debt Ratio	
: as a percentage of 2021 Assessed Valuation.....	7.33 %
: as a percentage of Estimated Valuation at December 1, 2021	6.51 %
Direct and Overlapping Debt Ratio	
: as a percentage of 2021 Assessed Valuation.....	18.18 %
: as a percentage of Estimated Valuation at December 1, 2021	16.14 %
Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds	\$ 1,948,227 (d)
General Fund Balance as of December 17, 2021.....	\$ 4,215,634
2021 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$ 0.40
Maintenance Tax.....	<u>0.48</u>
Total	\$ 0.88 (e)
Average Percentage of Total Tax Collections (2011-2020) as of November 30, 2021	99.84 %
Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2023-2042).....	\$ 1,726,427
Maximum Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2042).....	\$ 1,913,906
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2023-2042) at 95% Tax Collections	
Based Upon 2021 Assessed Valuation.....	\$ 0.49
Based Upon Estimated Valuation at December 1, 2021	\$ 0.43

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual
Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds
(2042) at 95% Tax Collections

Based Upon 2021 Assessed Valuation.....	\$	0.54
Based Upon Estimated Valuation at December 1, 2021	\$	0.48

Number of Single Family Homes (including 32 homes under construction) 1,683

- (a) As of January 1, 2021, and comprises the District's 2021 tax roll. All property located in the District is valued on the tax rolls by the Brazoria County Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Brazoria County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of December 1, 2021, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2021, through November 30, 2021. No taxes were levied for 2021 against any values added since January 1, 2021. The ultimate Assessed Valuation of any land and improvements added from January 1, 2021, through November 30, 2021, which will be placed on the District's 2022 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2022.
- (c) See "DISTRICT DEBT." In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "FUTURE DEVELOPMENT," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due in 2021, and the contribution by the District of \$65,000 to the refunding of the Refunded Bonds. The District's initial debt service requirement on the Bonds, consisting of an interest payment thereon, is due on September 1, 2022.
- (e) The District levied a debt service tax in the amount of \$0.40 per \$100 of Assessed Valuation for 2021, plus a maintenance tax of \$0.48 per \$100 of Assessed Valuation. The District lies wholly within the municipal boundaries of the City of Manvel (the "City"), and all land within the district is subject to taxation by the City. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2021 tax levies of all units of government which levy taxes against the property located within the District, plus the 2021 tax of the District is \$3.669441 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of many municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of many municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

\$4,550,000
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 29
UNLIMITED TAX REFUNDING BONDS
SERIES 2022

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Brazoria County Municipal Utility District No. 29 (the “District”) of its Unlimited Tax Refunding Bonds, Series 2022 (the “Bonds”). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, Chapter 1207, Texas Government Code, as amended, and a resolution authorizing issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The Bonds are dated February 1, 2022. Interest accrues from the date of initial delivery (the “Date of Delivery”), and is payable on September 1, 2022, and on each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. The Bonds will be issued in denominations of \$5,000 or any integral multiple thereof. The Bonds are fully-registered bonds maturing on March 1 of the years and in the amounts shown under “MATURITY SCHEDULE” on the inside cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrar (the “Paying Agent,” “Paying Agent/Registrar,” or “Registrar”). Interest on the Bonds will be payable by check or draft, dated as of the interest payment date, and mailed by the Registrar to Registered Owners as shown on the records of the Registrar (“Registered Owners”) at the close of business on the 15th calendar day of the month next preceding the interest payment date (the “Record Date”).

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 The Depository Trust Company, New York, New York, (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

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

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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.

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

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

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

Assignments, Transfers and Exchanges

In the event the Book-Entry-Only System is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. 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 Registrar. Any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt 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 denominations of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to 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 (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

Bonds maturing on March 1, 2028, 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 March 1, 2027, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

Provision is made in the Bond Resolution for replacement of the Registrar. If the Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Registrar. In order to act as Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, 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.

Authority for Issuance

At an election held within the District on September 11, 2004, voters of the District authorized a total of \$67,000,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, \$6,000,000 for recreational facilities, and \$43,500,000 for refunding purposes. After sale of the Bonds, a total of \$36,315,000 principal amount of unlimited tax bonds for facilities, \$6,000,000 for recreational facilities and \$42,725,000 for refunding purposes will remain

authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and Chapter 1207, Texas Government Code, as amended.

Source of Payment

The Bonds (together with the Remaining Outstanding Bonds, as defined herein, and such additional tax bonds as may hereafter be issued by the District) are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and Registrar fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, on such additional bonds payable from taxes which may be issued, and Registrar fees.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Brazoria County, the City of Manvel, Texas, or any entity other than the District.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"), necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$67,000,000 unlimited tax bonds for water, sanitary sewer and drainage facilities, \$6,000,000 for recreational facilities, and could authorize additional amounts. Following the issuance of the Bonds, \$36,315,000 unlimited tax bonds for construction of water distribution, wastewater collection and storm drainage facilities and \$6,000,000 for recreational facilities will remain authorized but unissued for such purpose. The District's voters also have authorized \$43,500,000 unlimited tax bonds for refunding purposes, \$42,725,000 of which remain unissued after the issuance of the Bonds. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ.) In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See "Authority for Issuance" above, "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

Based on present engineering cost estimates and on development plans supplied by the Developers, in the opinion of the District's consulting engineer, EHRA Engineering (the "Engineer"), the \$36,315,000 authorized but unissued bonds will be adequate to finance the extension of components of the System to serve all of the remaining undeveloped portions of the District. See "DEVELOPMENT AND HOME CONSTRUCTION," "FUTURE DEVELOPMENT," and "THE SYSTEM."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District. Voters of the District have authorized the issuance of \$6,000,000 in bonds for construction of recreational facilities or for refunding bonds issued for such purposes.

Financing Road Facilities

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. The District has filed an application with the TCEQ for "road powers" and the TCEQ has granted the power to construct roads to the District. Before a district could issue such bonds, it would be required to receive authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. However, the District has not held a successful election to authorize the financing of road construction through the issuance of bonds. Issuance of bonds for roads could dilute the investment security for the Bonds.

No Arbitrage

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

Dissolution

Under existing Texas law, since the District lies entirely within the corporate limits of the City of Manvel, the District must conform to a City of Manvel ordinance consenting to the creation of the District. In addition, the District may be dissolved by the City of Manvel without the District’s consent. In such event the City of Manvel will assume the District’s assets and obligations (including the Bonds). Dissolution of the District by the City of Manvel is a policy- making matter within the discretion of the Mayor and City Council of the City of Manvel, and therefore, the District makes no representation that the City of Manvel will ever dissolve the District and assume its debt, nor does the District make any representation concerning the ability of the City of Manvel to pay debt service on the District’s bonds if dissolution were to occur.

Consolidation

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

Registered Owners’ Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to observe and perform its covenants and obligations to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner 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 Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See “Bankruptcy Limitation to Registered Owners’ Rights” below. Certain traditional legal remedies also may not be available.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that 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.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct 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. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

PLAN OF FINANCING

Use of Bond Proceeds

Proceeds of the sale of the Bonds, together with other lawfully available funds of the District, will be applied to refund \$4,485,000 in principal amount of the District's Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"). The Series 2015 Refunding Bonds that are being refunded by the Bonds are hereinafter referred to as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date, at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Paying Agent for the Refunded Bonds"). The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

The Refunded Bonds

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Refunded Bonds are set forth below.

<u>Maturity Date</u>	<u>Series 2015 Refunding Bonds</u>
3/1/2023	\$295,000
3/1/2024	310,000
3/1/2025	320,000
3/1/2026	330,000
3/1/2027	345,000
3/1/2028	360,000
3/1/2029	370,000
3/1/2030	390,000
3/1/2031	410,000
3/1/2032	430,000
3/1/2033	455,000
3/1/2034	<u>470,000</u>
	\$4,485,000

Redemption Date: 3/1/2022

Aggregate Principal Amount of Refunded Bonds..... \$4,485,000

Payment of Refunded Bonds

The Refunded Bonds, and the interest due thereon, are to be paid on the redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., as paying agent for the Refunded Bonds (the “Paying Agent for the Refunded Bonds”).

The Bond Resolution provides that from the proceeds of the sale of the Bonds and other available funds of the District, the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the “Payment Account”). At the time of delivery of the Bonds, Robert Thomas CPA, LLC, will verify to the District, the Paying Agent for the Refunded Bonds and the Financial Advisor that the monies held in the Payment Account are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See “VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS.” By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior resolution of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts so deposited, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

The Non-Refunded Bonds (Remaining Outstanding Bonds)

The District has, in addition to the Series 2015 Refunding Bonds also issued Unlimited Tax Bonds, Series 2009 (the “Series 2009 Bonds”), Unlimited Tax Bonds, Series 2010 (the “Series 2010 Bonds”), Unlimited Tax Bonds, Series 2013 (the “Series 2013 Bonds”), Unlimited Tax Bonds, Series 2017 (the “Series 2017 Bonds”) and Unlimited Tax Bonds, Series 2021A (the “Series 2021A Bonds”) to finance water supply and distribution, wastewater collection and storm drainage facilities (the “System”). The District also has issued Unlimited Tax Refunding Bonds, Series 2016 (the “Series 2016 Refunding Bonds”) and Unlimited Tax Refunding Bonds, Series 2021 (the Series 2021 Refunding Bonds”) to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds previously issued by the District as the “Prior Bonds.” The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that has not been previously retired by the District is \$27,515,000 (the “Outstanding Bonds”). After issuance of the Bonds, the aggregate

principal amount of the District's Outstanding Bonds not heretofore paid by the District, less the Refunded Bonds, will be \$23,030,000 (the "Remaining Outstanding Bonds") and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$27,580,000. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance," and - "Issuance of Additional Debt," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Remaining Outstanding Bonds are as follows:

<u>Year of</u> <u>Maturity</u>	<u>Series</u> <u>2013 Bonds</u>	<u>Series 2015</u> <u>Refunding Bonds</u>	<u>Series 2016</u> <u>Refunding Bonds</u>	<u>Series</u> <u>2017 Bonds</u>	<u>Series 2021</u> <u>Refunding Bonds</u>	<u>Series</u> <u>2021A Bonds</u>
2022	\$40,000	\$285,000	\$115,000	\$210,000	\$15,000	
2023			125,000	215,000	50,000	\$175,000
2024			120,000	225,000	55,000	185,000
2025			125,000	240,000	55,000	190,000
2026			130,000	245,000	55,000	200,000
2027			130,000	260,000	55,000	210,000
2028			135,000	260,000	60,000	215,000
2029			140,000	280,000	55,000	225,000
2030			145,000	285,000	55,000	235,000
2031			150,000	300,000	55,000	245,000
2032			155,000	315,000	55,000	255,000
2033			150,000	330,000	60,000	270,000
2034			160,000	345,000	65,000	280,000
2035			740,000	280,000	65,000	290,000
2036				250,000	870,000	305,000
2037				250,000	905,000	320,000
2038				1,210,000		330,000
2039				1,275,000		345,000
2040				1,335,000		360,000
2041				1,395,000		375,000
2042				1,460,000		395,000
2043						410,000
2044						430,000
2045						445,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$40,000	\$285,000	\$2,520,000	\$10,965,000	\$2,530,000	\$6,690,000
Total Principal Amount of Non-Refunded Bonds (Remaining Outstanding Bonds)						\$23,030,000

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of Bonds.....	\$4,550,000.00
Plus: District Contribution.....	65,000.00
Net Original Issue Premium on the Bonds	<u>147,433.20</u>
Total Sources of Funds	\$4,762,433.20

USES OF FUNDS:

Deposit with Paying Agent for the Refunded Bonds	\$4,563,737.50
Expenses:	
Underwriter Discount	33,442.50
Municipal Bond Insurance Premium and Other Issuance Expenses.....	<u>165,253.20</u>
Total Uses of Funds	\$4,762,433.20

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated May 28, 2004, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the corporate limits of the City of Manvel, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District. The District is further empowered to construct roads, however, it is not yet authorized to finance the construction of roads through the sale of bonds.

The District is required to observe certain requirements of the City of Manvel, which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, recreational facilities, fire-fighting facilities, roads and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Manvel of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Manvel, and filed in the real property records of Brazoria County. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."

Development Agreement

The District is located wholly within the corporate limits of the City of Manvel (the "City"). The City, the District and NR entered into an Amended Development Agreement dated August 27, 2007, (the "Development Agreement"), to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System" or the "Facilities") within the District. Under the terms of the Development Agreement, the District is responsible for constructing, owning and operating the System. The District adopts rates and charges applicable to such services, and bills and collects for same, with all revenues derived therefrom being the property of the District. The City may by resolution require the District to convey its then-existing Facilities, and all Facilities thereafter constructed, to the City free and clear of all liens and encumbrances (but subject to the reservation of capacity and rights of reimbursement for funds advanced to the District with respect

thereto), for ownership, operation and maintenance by the City at any time after the District has 800 active equivalent single-family connections (“ESFC”), based on an estimated average usage of 350 gallons of water per day. In consideration of such conveyance, upon request of the District, the City will include an additional amount to City utility bills not to exceed \$5.00 per active ESFC per month, payable to the District to assist with the District’s administrative costs.

In the Development Agreement, the City has agreed to make an annual payment to the District consisting of a portion of the City ad valorem taxes imposed and collected by the City on land and improvements located within the District in accordance with a formula set out in the Development Agreement (the “Annual Payment”). To date, no Annual Payments have been due pursuant to the Development Agreement. The District does not at this time expect that Annual Payments will be received, nor would the Annual Payments materially affect the District’s financial position, and the District has not pledged such payments as security for the Bonds.

Description

The District contains approximately 911.40 acres of land. The District is located entirely within the corporate boundaries of the City of Manvel, Texas (the “City”). The District is located approximately 18 miles south of the central business district of the City of Houston. The District is bounded on the west by County Road 48, on the east by State Highway 288, and on the north by County Road 58. Rodeo Palms Parkway crosses the southern portion of the District. The District lies within the Alvin Independent School District. See “APPENDIX A - LOCATION MAP.”

Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. One of the Directors currently resides within the District.

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Eddie Cook	President	2024
Cassandra L. Cantner	Vice President	2022
Robina Spruill	Secretary	2024
Erin Garcia	Assistant Vice President	2022
Elizabeth Miller	Assistant Secretary	2024

The District does not have a general manager or any other employee, but has contracted for services, as follows.

Tax Assessor/Collector - The District has engaged Assessments of the Southwest, Inc. Friendswood, Texas, as the District’s Tax Assessor/Collector. According to Assessments of the Southwest, Inc., it presently serves approximately 204 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District’s tax levy to tax rolls prepared by the Brazoria County Appraisal District and bills and collects such levy.

Consulting Engineers - The District has employed the firm of EHRA Engineering, Houston, Texas, as Consulting Engineer in connection with the overall planning activities and the design and construction of the System.

Bookkeeper - The District has engaged Municipal Accounts & Consulting, L.P. as the District’s Bookkeeper. According to Municipal Accounts & Consulting, L.P., it currently serves approximately 400 districts as bookkeeper.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual audited financial statements are filed with the TCEQ. The financial statements of the District as of July 31, 2021, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. A copy of the District’s financial statements for the fiscal year ended July 31, 2021, is included as “APPENDIX B” to this Official Statement.

Utility System Operator - Municipal Operations & Consulting, Inc. is the general operator of the System. According to Municipal Operations & Consulting, Inc., it is currently engaged as utility system operator for approximately 92 utility districts.

Bond Counsel and General Counsel - Allen Boone Humphries Robinson LLP, Houston, Texas (“Bond Counsel”) serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the “Financial Advisor”) to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”). Rathmann & Associates, L.P.’s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.’s SEC registration Forms MA and MA-1’s, which constitute Rathmann & Associates, L.P.’s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company_search.html.

DEVELOPMENT AND HOME CONSTRUCTION

As of December 1, 2021, development and home construction accomplished in the District include the completion of the development of 1,996 single-family residential lots, and 1,683 homes, including 32 homes under construction (see “BUILDERS” below). In addition, the development of 212 single-family residential lots on approximately 68.95 acres located within the District is underway as described below.

According to the District’s Engineer, underground water, sewer and drainage facilities and street paving have been constructed to serve the aforementioned total of 1,996 single-family residential lots on approximately 499.20 acres platted as Rodeo Palms, Section 1; The Colony, Sections 1, 2, 4, 5 and 6; Palm Court, Sections 1 and 2; Palm Shore, Sections 1 through 3; Palm Villas, Sections 1 and 2; Palm Lakes; Royal Palms, Sections 1 and 2; Newport Lake Estates, Sections 1 and 2; and The Lakes, Sections 2 through 5; as is delineated in the chart that appears below. In addition, JJ Development (described below under the caption “DEVELOPERS”) initiated the development of Yanni Palms, Section 1 (212 single-family residential lots, approximately 68.95 acres). However, in May 2021, JJ Development announced the foreclosure of its Yanni Palms development and the property has been foreclosed on by Romspen Investment Corporation (“Romspen”). The District cannot predict whether any future development will be undertaken in Yanni Palms or on any additional acres owned by Romspen. Since Romspen has no obligation to the District to complete the development of Yanni Palms, Section 1, the District cannot represent that the development thereof will be completed. See “DEVELOPERS” below.

An approximately 16,400 square foot day care center has been constructed on approximately 2.14 acres of land within the District. Approximately 30.0 acres located within the District are owned by the Alvin Independent School District on which a middle school has been constructed. Approximately 200.64 undeveloped acres of land located within the District are available for future development. The balance of the land located within the District consists of easements, rights-of-way, and other land not available for development. Approximately 52.04 of such currently undeveloped acres that are available for future development are owned by New Rodeo 288, Ltd. (“NR”) (described below under the caption “DEVELOPERS”), the developer of the 620 fully developed single-family residential lots that have been platted as The Colony, Sections 1, 2, 4 and 5; Palm Lakes; and Royal Palms, Sections 1 and 2. It is anticipated that NR will develop such currently undeveloped acreage in the future for commercial purposes. Approximately 11.05 of such undeveloped acres that are available for future development are owned by Newport Lake Estates Development, L.P. (“Newport”) (described below under the caption “DEVELOPERS”), the developer of the 188 fully developed single-family residential lots that have been platted as Newport Lake Estates, Sections 1 and 2. It is anticipated that Newport will develop such currently undeveloped acreage in the future into approximately 24 single-family residential lots. As stated above, JJ Development announced the foreclosure of its Yanni Palms development in the District and the property has been foreclosed on by Romspen. The District cannot predict whether any future development in Yanni Palms or the additional 57.68 acres owned by Romspen will take place. Approximately 79.87 of such undeveloped acres that are available for future development are owned by Foxtail Sky (“Foxtail”) (described below under the caption “DEVELOPERS”). It is anticipated that Foxtail will develop such currently

undeveloped acreage in the future into single-family residential lots. Since no party, including NR, Newport, Romspen, or Foxtail has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2021 Taxpayers,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.”

As of December 1, 2021, the status of land development and home construction within the District was as follows:

Subdivision	LOTS				HOMES*				Totals
	Developed	Acres	Under		Under Construction		Completed		
			Development	Acres	Sold	Unsold	Sold	Unsold	
Rodeo Palms									
Section 1	62	63.41			0	0	62	0	62
The Colony									
Section 1	142	22.10			0	0	142	0	142
Section 2	98	20.80			0	0	98	0	98
Section 4	55	10.60			0	0	55	0	55
Section 5	58	11.54			0	0	58	0	58
Section 6	37	18.21			5	5	10	17	37
Palm Court									
Section 1	138	26.16			0	0	138	0	138
Section 2	95	18.88			0	0	95	0	95
Palm Shore									
Section 1	160	26.48			0	0	160	0	160
Section 2**	85	14.14			0	0	85	0	85
Section 3**	149	25.50			0	0	149	0	149
Palm Vilas									
Section 1	140	27.35			0	0	140	0	140
Section 2	42	9.28			2	1	39	0	42
Palm Lakes	119	34.37			0	0	119	0	119
Royal Palms									
Section 1	91	25.45			0	0	91	0	91
Section 2	57	11.90			0	0	57	0	57
Newport Lake Estates									
Section 1	101	26.53			0	0	101	0	101
Section 2	87	21.70			0	0	0	0	0
The Lakes									
Section 2	107	34.65			5	10	25	10	50
Section 3	136	41.50			2	2	0	0	4
Section 4	29	6.98			0	0	0	0	0
Section 5	8	1.67			0	0	0	0	0
Yanni Palms									
Section 1***			212	68.95	0	0	0	0	0
Totals	1,996	499.20	212	68.95	14	18	1,624	27	1,683

* Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application, approval, and inspection.

** Camillo Properties has constructed homes on all of such Palm Shore, Sections 2 and 3 lots for the purpose of leasing such homes to tenants. Such homes are currently owned by Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1, all related entities to Camillo Properties. See "TAX DATA - Principal 2021 Taxpayers" and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates - Developer/Builder/Landowner Obligation to the District."

*** On May 5, 2021, JJ Development announced the foreclosure of its Yanni Palms development and the property has been foreclosed on by Romspen. The District cannot predict whether any future development will be undertaken in Yanni Palms or on any additional acres owned by Romspen.

DEVELOPERS

General

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 emplaced 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, sewer, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of emplacing certain of the water, wastewater and drainage facilities in the utility district pursuant to the rules of the TCEQ. The District requested an exemption from such developer participation requirement with respect to the Prior Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Orders authorizing the District to issue the Prior Bonds. The relative success or failure of a developer to perform such activities in development of the property within a 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 the developer's right to sell any or all of the land which the developer owns within a district. See "FUTURE DEVELOPMENT" below.

Description of the Developers

The developer of approximately 136.76 acres of land located within the District into 620 single-family residential lots known as The Colony, Sections 1, 2, 4, and 5; Palm Lakes; and Royal Palms, Sections 1 and 2, is New Rodeo 288, Ltd. ("NR"). NR is a Texas limited partnership whose general partner is New RP, Inc., a Texas corporation ("NRP"). NR is owned in equal shares by CFW Family Limited Partnership, Camcorp Interests, Ltd. and Meritage Homes of Texas, LLC. In addition to the aforementioned single-family residential lots that NR has developed in the District, NR owns approximately 52.04 acres of undeveloped land located within the District that are expected to be developed in the future for commercial purposes. However, since NR has no obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed on any of such currently undeveloped acres.

The developer of approximately 169.62 acres of land located within the District into 777 single-family residential lots known as Palm Shore, Sections 1 through 3; Palm Villas, Section 1; and The Lakes, Sections 2 and 3, is CMI Palms, Ltd., a Texas limited partnership ("CMI") whose general partner is Camcorp Management, Inc., a Texas corporation. 99% of the stock of CMI is owned by Camcorp Interests, Ltd., a Texas limited partnership ("CI"). CMI has sold all of the aforementioned Palm Shore, Sections 2 and 3 lots to Camillo Properties, Ltd. ("Camillo Properties"), whose general partner is Camillo Properties GP, a Texas corporation, for the purpose of leasing such homes to tenants. To the extent that Camillo Properties continues constructing homes within the District for the purpose of leasing such homes to tenants, and to the extent that the ownership of such homes is concentrated in Camillo Properties and/or related entities, the proportion of the District's tax roll that is owned by such entities will increase substantially. Such Palm Shore homes are currently owned by Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1, all related entities to Camillo Properties. CMI owns no additional land located in the District. See "TAX DATA - Principal 2021 Taxpayers" and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates - Developer/Builder/Landowner Obligation to the District."

The developer of approximately 9.28 acres of land located within the District into 42 single-family residential lots known as Palm Villas, Section 2, is Castlerock Communities, L.P. ("Castlerock"). Castlerock owns no additional land located within the District.

The developer of approximately 48.23 acres of land located within the District into 188 single-family residential lots known as Newport Lakes Estates, Sections 1 and 2, is Newport Lakes Estates Development, L.P. ("Newport"). In addition to the aforementioned single-family residential lots that Newport has developed in the District, Newport owns approximately 11.05 acres of currently undeveloped land located within the District that are expected to be developed in the future into

approximately 24 single-family residential lots. However, since Newport has no obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed on any of such currently undeveloped acres.

JJ Development Company LLC (“JJ Development”) initiated the development of approximately 68.95 acres of land located within the District into 212 single-family residential lots known as Yanni Palms, Section 1. However, in May 2021, JJ Development announced the foreclosure of its Yanni Palms development and the property has been foreclosed on by Romspen Investment Corporation (“Romspen”). In addition, Romspen owns approximately 57.68 acres of undeveloped land located within the District. The District cannot predict whether Romspen, or any future developer, will undertake any future development of such land in the District. Since Romspen has no obligation to the District to complete the development of Yanni Palms, Section 1 or to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed on any of such currently undeveloped acres.

The developer of approximately 18.21 acres of land located within the District into 37 single-family residential lots known as The Colony, Section 6, is D.R. Horton. D.R. Horton owns no additional land located within the District.

Approximately 79.87 acres of currently undeveloped land located within the District that are available for future development are owned by Foxtail Sky LLC (“Foxtail”). It is anticipated that Foxtail will develop the approximately 79.87 acres in the future into single-family residential lots.

NR, CMI, Newport, Romspen, D.R. Horton and Foxtail are together referred to in this Official Statement as the “Developers.”

BUILDERS

According to CMI, Princeton Classic Homes is currently constructing homes in The Lakes, Sections 2 and 3, which range in size from approximately 2,002 to 3,577 square feet of living area and in sales price from approximately \$355,819 to \$452,895.

According to Newport, K. Hovnanian Homes is currently selling homes in Newport Lake Estates, Section 2, which range in size from approximately 2,241 to 3,386 square feet of living area and in sales price from approximately \$339,990 to \$442,990.

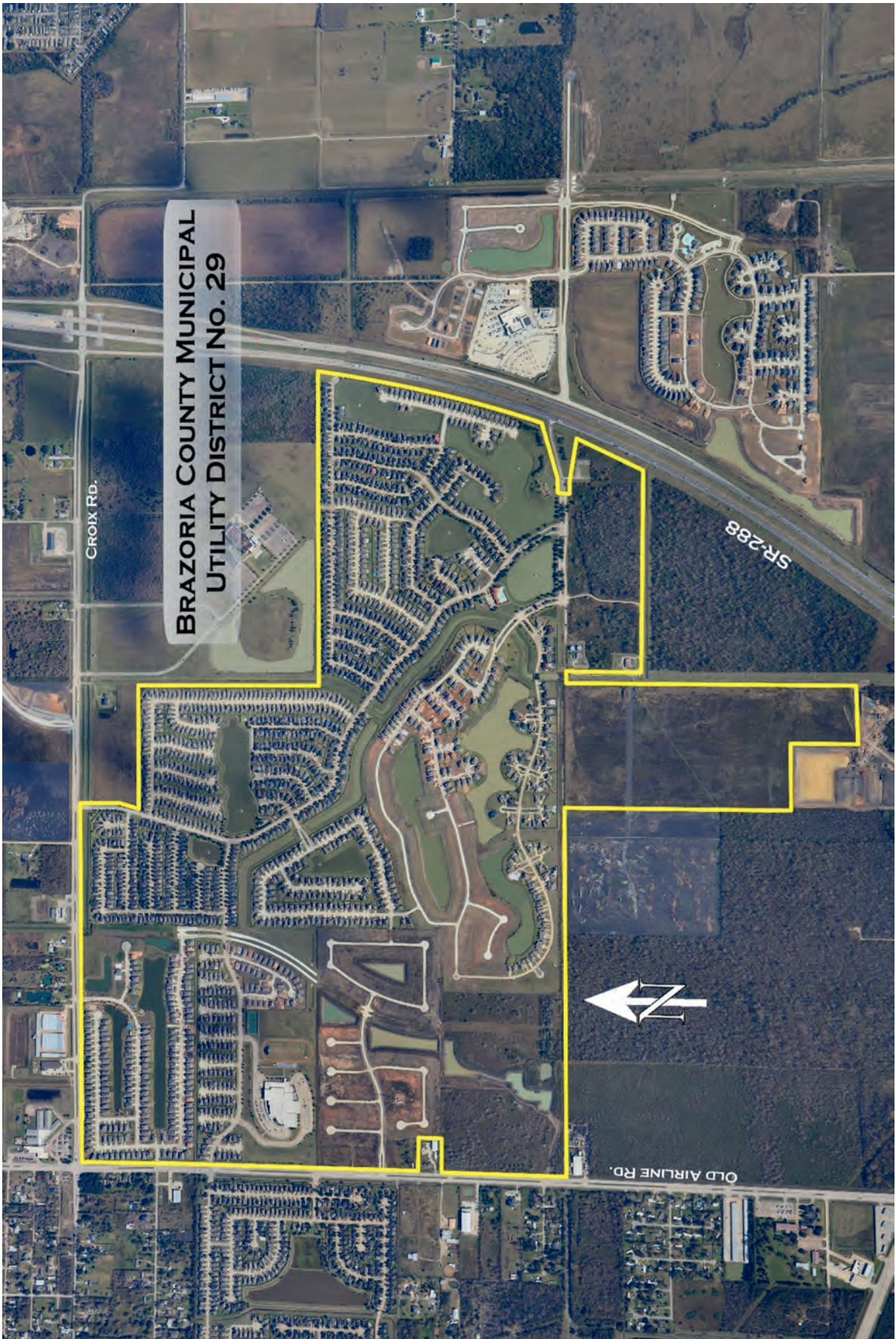
Collective reference is made in this Official Statement to Princeton Classic Homes and K. Hovnanian Homes as the “Builders.”

FUTURE DEVELOPMENT

In addition to the land that is located within the District that has been developed as is described in this Official Statement, approximately 200.64 undeveloped acres of land located within the District are available for future development. The balance of the land located within the District consists of easements, rights-of-way, and other land not available for development. Approximately 52.04 of such acres that are available for future development are owned by NR. It is anticipated that NR will develop such currently undeveloped acreage in the future for commercial purposes. Approximately 11.05 of such acres that are available for future development are owned by Newport. It is anticipated that Newport will develop such currently undeveloped acreage in the future into 24 single-family residential lots. Approximately 57.68 of such acres that are available for future development are owned by Romspen, the successor to the developer of the 212 single-family residential lots that have been platted as Yanni Palms, Section 1. The District cannot predict whether any future development will occur in Yanni Palms or on the additional acreage that Romspen owns. Approximately 79.87 acres of such acres that are available for future development are owned by Foxtail Sky LLC (“Foxtail”). It is anticipated that Foxtail Sky will develop the approximately 79.87 acres in the future into single-family residential lots.

Since no party, including NR, Newport, Romspen or Foxtail has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See “TAX DATA - Principal 2021 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken December 2021)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken December 2021)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken December 2021)



DISTRICT DEBT

General

The following tables and calculations relate to the Bonds and the Remaining Outstanding Bonds. After issuance of the Bonds, the aggregate principal amount of the Outstanding Bonds, less the Refunded Bonds, will be \$23,030,000 (the “Remaining Outstanding Bonds”), and the aggregate principal amount of the District’s bonded indebtedness, including the Bonds, will be \$27,580,000. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government that overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2021 Assessed Valuation..... (As of January 1, 2021) See “TAX DATA” and “TAXING PROCEDURES”	\$ 376,407,839 (a)
Estimated Valuation at December 1, 2021 (As of December 1, 2021) See “TAX DATA” and “TAXING PROCEDURES”	\$ 423,944,820 (b)
Direct Debt:	
Remaining Outstanding Bonds	\$ 23,030,000
The Bonds	<u>4,550,000</u>
Total	\$ 27,580,000 (c)
Estimated Overlapping Debt	\$ <u>40,858,709</u>
Total Direct and Estimated Overlapping Debt	\$ 68,438,709
Direct Debt Ratio	
: as a percentage of 2021 Assessed Valuation.....	7.33 %
: as a percentage of Estimated Valuation at December 1, 2021	6.51 %
Direct and Overlapping Debt Ratio	
: as a percentage of 2021 Assessed Valuation.....	18.18 %
: as a percentage of Estimated Valuation at December 1, 2021	16.14 %
Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds	\$ 1,948,227 (d)
General Fund Balance as of December 17, 2021.....	\$ 4,215,634
2021 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$ 0.40
Maintenance Tax.....	<u>0.48</u>
Total	\$ 0.88 (e)
Average Percentage of Total Tax Collections (2011-2020) as of November 30, 2021	99.84 %

- (a) As of January 1, 2021, and comprises the District’s 2021 tax roll. All property located in the District is valued on the tax rolls by the Brazoria County Appraisal District (the “Appraisal District”) at 100% of assessed value as of January 1 of each year. The District’s tax roll is certified by the Brazoria County Appraisal Review Board (the “Appraisal Review Board”). See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAXING PROCEDURES.”
- (b) Provided by the Appraisal District for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of December 1, 2021, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2021, through November 30, 2021. No taxes were levied for 2021

against any values added since January 1, 2021. The ultimate Assessed Valuation of any land and improvements added from January 1, 2021, through November 30, 2021, which will be placed on the District's 2022 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2022.

- (c) In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "FUTURE DEVELOPMENT," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due in 2021, and the contribution by the District of \$65,000 to the refunding of the Refunded Bonds. The District's initial debt service requirement on the Bonds, consisting of an interest payment thereon, is due on September 1, 2022.
- (e) The District levied a debt service tax in the amount of \$0.40 per \$100 of Assessed Valuation for 2021, plus a maintenance tax of \$0.48 per \$100 of Assessed Valuation. The District lies wholly within the municipal boundaries of the City of Manvel (the "City"), and all land within the district is subject to taxation by the City. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2021 tax levies of all units of government which levy taxes against the property located within the District, plus the 2021 tax of the District is \$3.669441 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of many municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of many municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Estimated Direct and Overlapping Debt Statement

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

<u>Taxing Jurisdiction</u>	<u>Debt as of December 2, 2021</u>	<u>Estimated Overlapping Percent</u>	<u>Amount</u>
Brazoria County	\$163,755,000	1.0399%	\$1,702,833
City of Manvel	21,240,000	33.1719%	7,045,706
Alvin Community College District	26,515,000	2.7031%	716,739
Alvin Independent School District	879,220,000	3.5706%	<u>31,393,431</u>
Total Estimated Overlapping Debt			\$40,858,709
Total Direct Debt (the Bonds and the Remaining Outstanding Bonds)			<u>27,580,000</u>
Total Direct and Estimated Overlapping Debt			\$68,438,709

Debt Ratios

	<u>% of 2021 Assessed Valuation</u>	<u>% of Estimated Valuation at December 1, 2021</u>
Direct Debt.....	7.33%	6.51%
Direct and Estimated Overlapping Debt	18.18%	16.14%

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien that is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administration, and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy, and collect ad valorem taxes for operations and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. The District has levied a maintenance tax of \$0.48 per \$100 of Assessed Valuation in 2021. See “TAX DATA - Maintenance Tax.”

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements for the Outstanding Bonds, less the debt service requirements for the Refunded Bonds, plus the principal and interest requirements of the Bonds.

Year Ending December 31	Current Total Debt Service on Outstanding Bonds	Less: Debt Service on Refunded Bonds	Plus: The Bonds		Total New Debt Service Requirements
			Principal	Interest	
2022	\$1,481,877	\$157,475		\$65,610	\$1,390,011
2023	1,625,025	448,050	\$305,000	117,175	1,599,150
2024	1,638,225	453,975	320,000	107,800	1,612,050
2025	1,649,975	454,525	330,000	96,400	1,621,850
2026	1,655,969	454,775	345,000	82,900	1,629,094
2027	1,671,488	459,650	360,000	68,800	1,640,638
2028	1,675,188	463,850	380,000	55,900	1,647,238
2029	1,686,750	462,213	385,000	46,350	1,655,888
2030	1,694,847	468,400	400,000	38,500	1,664,947
2031	1,709,619	472,400	415,000	30,350	1,682,569
2032	1,722,006	475,600	425,000	21,950	1,693,356
2033	1,736,925	482,900	440,000	13,300	1,707,325
2034	1,749,928	479,400	445,000	4,450	1,719,978
2035	1,760,588				1,760,588
2036	1,771,875				1,771,875
2037	1,789,750				1,789,750
2038	1,815,475				1,815,475
2039	1,846,750				1,846,750
2040	1,868,575				1,868,575
2041	1,887,531				1,887,531
2042	1,913,906				1,913,906
2043	434,300				434,300
2044	444,850				444,850
2045	450,006				450,006
	\$37,681,428	\$5,733,213	\$4,550,000	\$749,485	\$37,247,700
Average Annual Requirements: (2023-2042)					\$1,726,427
Maximum Annual Requirement: (2042)					\$1,913,906

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Remaining Outstanding Bonds and the Bonds (see “TAXING PROCEDURES”). The Board of Directors of the District has in its Bond Resolution covenanted 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 (see “THE BONDS” and “INVESTMENT CONSIDERATIONS”). The District has levied a debt service tax for 2021 at a rate of \$0.40 per \$100 of Assessed Valuation. See “Tax Rate Distribution” below.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District’s improvements, if such maintenance tax is authorized by a vote of the District’s electorate. On September 11, 2004, the District voters authorized the levy of such a maintenance tax in an amount not to exceed \$1.50 per \$100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds and any tax-supported bonds which may be issued in the future. The District has levied a maintenance tax of \$0.48 per \$100 of Assessed Valuation for 2021. See “Tax Rate Distribution” below.

Tax Rate Limitation

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

Maintenance: \$1.50 per \$100 Assessed Valuation.

Historical Values and Tax Collection History

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate^(a)</u>	<u>Total Levy</u>	<u>% Collections</u>	
				<u>Current & Prior Years^(b)</u>	<u>Year Ended 09/30</u>
2011	\$122,586,400	\$0.80	\$980,691	99.84%	2012
2012	119,309,055	0.90	1,073,782	99.85	2013
2013	121,989,144	0.94	1,146,698	99.85	2014
2014	129,978,197	0.94	1,221,795	99.86	2015
2015	145,634,547	0.94	1,368,965	99.86	2016
2016	186,948,091	0.94	1,757,312	99.88	2017
2017	230,159,828	0.94	2,163,502	99.90	2018
2018	275,069,124	0.94	2,585,650	99.91	2019
2019	310,845,974	0.94	2,921,952	99.73	2020
2020	335,109,061	0.91	3,049,492	99.67	2021
2021	376,407,839	0.88	3,312,389	2.75 ^(c)	2022

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through November 30, 2021. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) Levied September 16, 2021. In the process of collection.

Tax Rate Distribution

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt Service	\$0.40	\$0.48	\$0.53	\$0.53	\$0.62
Maintenance	<u>0.48</u>	<u>0.43</u>	<u>0.41</u>	<u>0.41</u>	<u>0.32</u>
Total	\$0.88	\$0.91	\$0.94	\$0.94	\$0.94

Analysis of Tax Base

The following table illustrates the composition of property located within the District during the past five years.

<u>Type of Property</u>	<u>2021</u>		<u>2020</u>		<u>2019</u>	
	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>
Land	\$69,916,270	18.57%	\$59,698,700	17.81%	\$57,267,430	18.42%
Improvements	317,396,592	84.32%	285,327,173	85.14%	260,058,100	83.66%
Personal Property	5,936,420	1.58%	5,326,110	1.59%	4,706,020	1.51%
Exemptions	<u>(16,841,443)</u>	<u>-4.47%</u>	<u>(15,242,922)</u>	<u>-4.55%</u>	<u>(11,185,576)</u>	<u>-3.60%</u>
TOTAL	\$376,407,839	100.00%	\$335,109,061	100.00%	\$310,845,974	100.00%

<u>Type of Property</u>	<u>2018</u>		<u>2017</u>	
	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>
Land	\$51,089,048	18.57%	\$45,981,860	19.98%
Improvements	228,737,603	83.16%	188,437,510	81.87%
Personal Property	3,762,180	1.37%	3,556,250	1.55%
Exemptions	<u>(8,519,707)</u>	<u>-3.10%</u>	<u>(7,815,792)</u>	<u>-3.40%</u>
TOTAL	\$275,069,124	100.00%	\$230,159,828	100.00%

Principal 2021 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2021. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2021.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2021 Tax Roll</u>	<u>% of 2021 Tax Roll</u>
Camillo Houses CV #1*	Land and Improvements	\$9,891,090	2.63%
Camillo A-1 Property Owner LLC*	Land and Improvements	8,388,220	2.23%
Ric Yanni LLC	Land	5,768,410	1.53%
SRP SUB LLC	Land and Improvements	4,769,319	1.27%
American Residential Leasing Co LLC	Land and Improvements	4,414,890	1.17%
Camillo LT 2018-SFR*	Land and Improvements	3,667,610	0.97%
EHT of Texas LP	Land and Improvements	2,764,230	0.73%
2018-4 IH Borrower LP	Land and Improvements	2,665,929	0.71%
CMI Palms LTD	Land and Improvements	2,173,170	0.58%
Saratoga Homes of Texas Houston	Land and Improvements	<u>2,138,770</u>	<u>0.57%</u>
		\$46,641,638	12.39%

*CMI developed the 234 Palm Shore, Sections 2 and 3 lots and conveyed such lots to Camillo Properties which constructed homes for the purpose of leasing such homes to tenants. Such Palm Shore, Sections 2 and 3 homes are currently owned by Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1; all entities related to Camillo Properties. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2021 Assessed Valuation or the Estimated Valuation at December 1, 2021. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no bonds by the District other than the Prior Bonds and the Bonds.

Average Annual Debt Service Requirements (2023-2042).....	\$1,726,427
Tax Rate of \$0.49 on the 2021 Assessed Valuation (\$376,407,839) produces	\$1,752,178
Tax Rate of \$0.43 on the Estimated Valuation at December 1, 2021 (\$423,944,820) produces.....	\$1,731,815
Maximum Annual Debt Service Requirement (2042).....	\$1,913,906
Tax Rate of \$0.54 on the 2021 Assessed Valuation (\$376,407,839) produces	\$1,930,972
Tax Rate of \$0.48 on the Estimated Valuation at December 1, 2021 (\$423,944,820) produces.....	\$1,933,188

The District levied a debt service tax of \$0.40 per \$100 of Assessed Valuation for 2021, plus a maintenance tax of \$0.48 per \$100 of Assessed Valuation. As the above table indicates, the 2021 debt service rate will not be sufficient to pay debt service on the Bonds and the Remaining Outstanding Bonds, assuming taxable values in the District at the level of the 2021 Assessed Valuation and Estimated Valuation at December 1, 2021, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, the District's Debt Service Fund balance is estimated to be \$1,948,227 as of the Date of Delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Remaining Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS" that is appended to this Official Statement. Moreover, as is illustrated above under the caption "Historical Values and Tax Collection History," the District had collected an average of 99.84% of its 2011 through 2020 tax levies as of November 30, 2021. Therefore, the District anticipates that it will be able to meet its debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the District's debt service tax rate above the rate which it has levied for 2021 - \$0.40 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners.

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2021 taxes levied upon property located within the District and the District's 2021 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness 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.

<u>Taxing Jurisdiction</u>	<u>2021 Tax Rate Per \$100 of A.V.</u>
The District ⁽ⁱ⁾	\$0.880000
Brazoria County	0.386530
City of Manvel	0.570000
Alvin Community College District	0.183211
Alvin Independent School District	1.397700
Brazoria County Emergency Services District No. 3	0.100000
Brazoria County Drainage District No. 4	<u>0.152000</u>
Total Tax Rate	\$3.669441

⁽ⁱ⁾ The District has levied a total tax of \$0.88 per \$100 of Assessed Valuation for 2021, consisting of a debt service tax of \$0.40 per \$100 of Assessed Valuation and a maintenance tax of \$0.48 per \$100 of Assessed Valuation.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Remaining Outstanding 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 Resolution to levy such a tax from year to year as described more fully above under “THE BONDS - Source of Payment.” Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See “TAX DATA - Maintenance Tax” and - “Tax Rate Distribution.”

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the “Property Tax Code”), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing values established by the appraisal district. The Brazoria County Appraisal District (the “Appraisal District”) has the responsibility of appraising property for all taxing units within Harris County, including the District. Such appraisal values will be subject to review and change by the Brazoria County Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; 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 an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District’s obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 of taxable valuation depending on the disability rating of the

veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. 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. Also, 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 was killed or fatally injured in the line of duty is, subject to certain conditions, also 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 to be transferred to a subsequent residence homestead of the surviving spouse. For the 2021 tax year, the District has granted an exemption for residence homesteads in the amount of \$10,000 for individuals who are disabled or over 65.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has not granted a general residential homestead exemption for 2021.

Freeport Goods Exemption: A Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in- Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property 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 while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

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

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

District and Taxpayer Remedies

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

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the 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 of Directors, after the legally required notice has been given to owners of property within the District, based upon: (a) the valuation of property within the District as of the preceding January 1, and (b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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 is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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 of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District 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

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2021 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developing 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 twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

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 taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each local taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims 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 (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS - Tax Collection Limitations."

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

THE SYSTEM

Regulation

According to the District's Engineer, the System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Manvel, Brazoria County, and the Brazoria County Drainage District No. 4.

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. The following descriptions are based upon information supplied by the District's Engineer.

Description

The System presently serves the 1,996 fully developed single-family residential lots located in the District that are enumerated in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Water Supply

The District's source of water is the District owned Water Plant No. 1 and groundwater from 3 water wells, which consist of a 200 gallons-per-minute ("g.p.m.") well, a 300 g.p.m. well, a 1,200 g.p.m. well, 3,916 g.p.m. of booster pump capacity, 30,000 gallons of hydropneumatic tank capacity, and 636,000 gallons of ground storage tank capacity. The water supply facilities are owned and operated by the District. According to the District's Engineer, the aforementioned water supply facilities contain sufficient capacity to provide service to 2,537 ESFCs.

The District has water line interconnections with Brazoria County Municipal Utility District No. 21 and Gulf Coast Utility that provide additional sources of water in the event of an emergency.

Wastewater Treatment

Wastewater treatment for the District is provided by a wastewater treatment plant the capacity of which is 450,000 gallons-per-day ("g.p.d."). According to the District's Engineer, based upon a design criterion of 225 g.p.d./ESFC, the District's wastewater treatment plant capacity is adequate to provide service to 2,000 ESFCs. According to the District's Operator, the wastewater treatment plant is currently operating at 49.1% of permitted capacity based upon actual daily flows at the plant. The City of Manvel ("Manvel") has adopted a design criteria for wastewater treatment plants that utilizes a flow rate of 315 g.p.d./ESFC to determine available capacity of a wastewater treatment plant. In order to meet such design criteria, the District expects to expand the District's wastewater treatment plant to provide sufficient capacity to serve the District at the earlier of the year 2030 or the time at which the actual flow rate of the wastewater treatment plant reaches 85% of permitted capacity. The District expects to issue bonds in the future to finance such expansion. The District is currently in

negotiations with Brazoria County MUD No. 47 (“MUD 47”) to sell available capacity in the wastewater treatment plant to MUD 47. Such agreement is subject to the approval of Manvel. The District cannot represent whether or when such agreement will be consummated or whether it will be approved by Manvel. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Drainage Improvements

Storm drainage for the District is collected via inlets to underground storm sewers that outfall into detention basins that drain into the Chocolate Bayou.

100-Year Flood Plain

According to the District’s Engineer, no portion of the District is designated as lying within the 100-year flood plain of any watercourse as indicated by Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map Number 48039C0110H, Panel 110 of 850, dated June 5, 1989, and Map No. 48039C0020, Panel 20 of 850, dated June 5, 1989.

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100 year flood plain” (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100 year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100 year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. If substantial or frequent flooding of homes were to occur in the area of the District, the marketing of homes and the future growth of property values in the District could be adversely affected. See “INVESTMENT CONSIDERATIONS - Extreme Weather Events.”

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

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas, Brazoria County, Texas, the City of Manvel, Texas, or any political subdivision or agency other than the District, are secured by the proceeds an annual ad valorem tax, levied without legal limit as to rate or amount, upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District’s ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District’s obligation to collect sufficient taxes may be costly and lengthy processes. See “Tax Collection Limitations” and “Registered Owners’ Remedies and Bankruptcy” below and “THE BONDS - Source of Payment” and - “Registered Owners’ Remedies.”

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of single-family residences that have been constructed within the District, of the single-family residential lots that have been developed by the developers of the District and of the developed lots which have been sold by the developers to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for residences of this type can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban center toward which the marketing of homes and commercial enterprises is directed. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see “Potential Effects of Oil Price Fluctuations on the Houston Area” below). Decreased levels of home construction activity would restrict the growth of property values in the District. Although development of the District has occurred to date as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION” and “DEVELOPERS,” and home construction has occurred to date as described in this Official Statement under the caption “BUILDERS,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. See “FUTURE DEVELOPMENT.”

National Economy: The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although development of the District has occurred to date as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION” and “DEVELOPERS,” and home construction has occurred to date as described in this Official Statement under the caption “BUILDERS,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. See “FUTURE DEVELOPMENT.” The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically. See “TAXING PROCEDURES.”

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgages and development funding have a direct impact on development and homebuilding activity, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or home construction within the District. In addition, since the District is located approximately 18 miles south of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans in the District and restrain the growth of the District’s property tax base.

Developer/Builder/Landowner Obligation to the District: The ability of a Developer (defined in this Official Statement under the caption “DEVELOPERS”), or any other principal taxpayer within the District to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. CMI developed the 234 Palm Shore, Sections 2 and 3 lots and conveyed such lots to Camillo Properties which constructed homes on all of such lots for the purpose of leasing such homes to tenants. Such Palm Shore, Sections 2 and 3 homes are currently owned by Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1; all entities related to Camillo Properties. Collectively, the four aforementioned property owners comprise the largest taxpayers located in the District. The 2021 Assessed Valuation of property owned by Camillo Houses CV #1 is \$9,891,090, or 2.63% of the 2021 Assessed Valuation of the District. The 2021 Assessed Valuation of property owned by Camillo A-1 Property Owner LLC is \$8,388,220, or 2.23% of the 2021 Assessed Valuation of the District. The 2021 Assessed Valuation of property owned by Camillo LT 2018-SFR is \$3,667,610, or 0.97% of the 2021 Assessed Valuation of the District. The 2021 Assessed Valuation of property owned by Camillo B Houses #1 is \$1,403,980, or 0.37% of the 2021 Assessed Valuation of the

District. Together, the 2021 Assessed Valuation of the aforementioned property owners is \$23,350,900, or 6.20% of the 2021 Assessed Valuation of the District. To the extent that Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1 continue leasing such homes to tenants, and to the extent that the ownership of such homes is concentrated in Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1 and/or related entities, the proportion of the District's tax roll that is owned by such entities may increase substantially. See "TAX DATA - Principal 2021 Taxpayers." The District cannot predict the level of occupancy of any homes that are owned by Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1 within the District that have been constructed for the purpose of leasing such homes to tenants. There is no commitment by or legal requirement of the Developers or any other party to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any of the Builders (see "BUILDERS") or any other home building company to proceed at any particular pace with the construction of homes in the District, and there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See "FUTURE DEVELOPMENT."

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds will be \$1,913,906 (2042) and the Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds will be \$1,726,427 (2023 through 2042, inclusive). The District's 2021 Assessed Valuation of property located within the District is \$376,407,839. Assuming no increase to nor decrease from the 2021 Assessed Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of \$0.54 and \$0.49 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District's Estimated Valuation at December 1, 2021, of property located within the District supplied by the Appraisal District is \$423,944,820. Assuming no increase to nor decrease from the Estimated Valuation at December 1, 2021, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of \$0.48 and \$0.43 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. See "TAX DATA - Tax Rate Calculations."

The District levied a debt service tax of \$0.40 per \$100 of Assessed Valuation for 2021, plus a maintenance tax of \$0.48 per \$100 of Assessed Valuation. As is indicated above, the 2021 debt service rate will not be sufficient to pay debt service on the Bonds and the Remaining Outstanding Bonds, assuming taxable values in the District at the level of the 2021 Assessed Valuation and Estimated Valuation at December 1, 2021, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, the District's Debt Service Fund balance is estimated to be \$1,948,227 as of the Date of Delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Remaining Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS" that is appended to this Official Statement. Moreover, as is illustrated under the caption "TAX DATA - Historical Values and Tax Collection History," the District had collected an average of 99.84% of its 2011 through 2020 tax levies as of November 30, 2021. Therefore, the District anticipates that it will be able to meet its debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the District's debt service tax rate above the rate which it has levied for 2021 - \$0.40 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES." In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "DISTRICT DEBT - Debt Service Requirement Schedule," "THE SYSTEM" and "Future Debt" below.

As is enumerated in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District’s rate, is \$3.669441 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

Tax Collection Limitations

The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other 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 procedures against a taxpayer, (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property, (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer’s limited right to redeem its foreclosed property as set forth below, or (e) insufficient foreclosure bids to satisfy the tax liens of all local taxing authorities which have parity liens on 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. Moreover, the value of the property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers’ right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. See “TAXING PROCEDURES.”

Registered Owners’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners 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 Resolution does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgement for money damages. Even if Registered Owners 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 Registered Owners 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. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “THE BONDS - Registered Owners’ Remedies” and - “Bankruptcy Limitations to Registered Owners’ Rights.”

The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See “SALE AND DISTRIBUTION OF THE BONDS.”

Future Debt

The District reserved in the Bond Resolution the right to issue the remaining \$36,315,000 unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities, the \$6,000,000 for recreational facilities, the \$42,725,000 for refunding purposes, and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining \$36,315,000 bonds described above for waterworks, wastewater and drainage facilities and \$6,000,000 for recreational facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$36,315,000 bonds for waterworks, wastewater and drainage facilities and \$6,000,000 for recreational facilities is also subject to TCEQ authorization. In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt,” “DISTRICT DEBT - Debt Service Requirement Schedule,” and “THE SYSTEM.”

Competitive Nature of Houston Residential Housing Market

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

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See “TAX MATTERS.”

Approval of the Bonds

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

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

While the EPA has revoked the 1997 Ozone Standards, the 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, the 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-hour and eight-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-hour and eight-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 counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and the EPA’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency’s rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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 non-stormwater 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 District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required 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. Costs associated with these compliance activities could be substantial in the future.

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

In 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 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 became effective June 22, 2020, and is currently the subject of ongoing litigation.

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of "waters of the United States." On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States." Due to existing and possible future litigation and regulatory action, 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.

Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e., "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. However, according to the District's Operator and Engineer, the District's System did not sustain any material damage and there was no interruption of water and sewer service from Hurricane Harvey. Further, according to the District's Operator, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes or commercial improvements within the District.

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

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

Infectious Disease Outbreak (COVID-19)

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the

Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Over the ensuing years, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. 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 into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Potential Effects of Oil Price Fluctuations on the Houston Area

The recent fluctuations in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Changes in Tax Legislation

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

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Bond Counsel for the District, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” except for the information under the subheading “Book-Entry-Only System,” “PLAN OF FINANCING - The Refunded Bonds,” and - “Payment of Refunded Bonds,” “THE DISTRICT - Development Agreement,” - “Management of the District - Bond Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS - Legal Opinions,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has either conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriter by McCall Parkhurst & Horton L.L.P., Dallas, Texas. McCall Parkhurst & Horton L.L.P. has acted as Disclosure Counsel for the District on certain previous new money financings.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that, to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the Underwriters to take up 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 financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the “Code”) imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The District has covenanted in the Resolution that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District’s Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the District, the District’s Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. The District will further rely on the report of Robert Thomas CPA, LLC, regarding the mathematical accuracy of certain computations. If the District should fail to comply with the covenants in the Resolution or if the foregoing representations or report should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an “exempt recipient” and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain of the Bonds (the “Original Issue Discount Bonds”) is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated, (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

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 Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption “TAX MATTERS” generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page

of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Bond for purposes of determining the amount of gain or loss recognized by such owner upon 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 plus 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 Bond.

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

Qualified Tax-Exempt Obligations

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

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2022 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2022.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, a firm of independent certified public accountants, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computation of the adequacy of the amounts deposited with Paying Agent for the Refunded Bonds to pay, when due, the principal or redemption price of and interest on the Refunded Bonds; and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

Robert Thomas CPA, LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Robert Thomas CPA, LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel. Robert Thomas CPA, LLC was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Developers, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein that was obtained from sources other than the District. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The financial statements of the District as of July 31, 2021, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX B."

Experts

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

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, 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 certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings “DISTRICT DEBT,” “TAX DATA,” and in “APPENDIX B.” The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to the MSRB or any successor to its functions as a repository.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person 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, 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, 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, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under the Rule. 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 Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an Underwriters to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the Remaining Outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriters from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described 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.

Compliance With Prior Undertakings

During the past five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12, with the exception of the following:

On February 9, 2021, Moody’s Investors Services upgraded the rating of the District to “A3” from “Baa1.” On January 13, 2022, the District filed an event notice. Due to an administrative oversight, such filing was not made within ten (10) business days of the rating change.

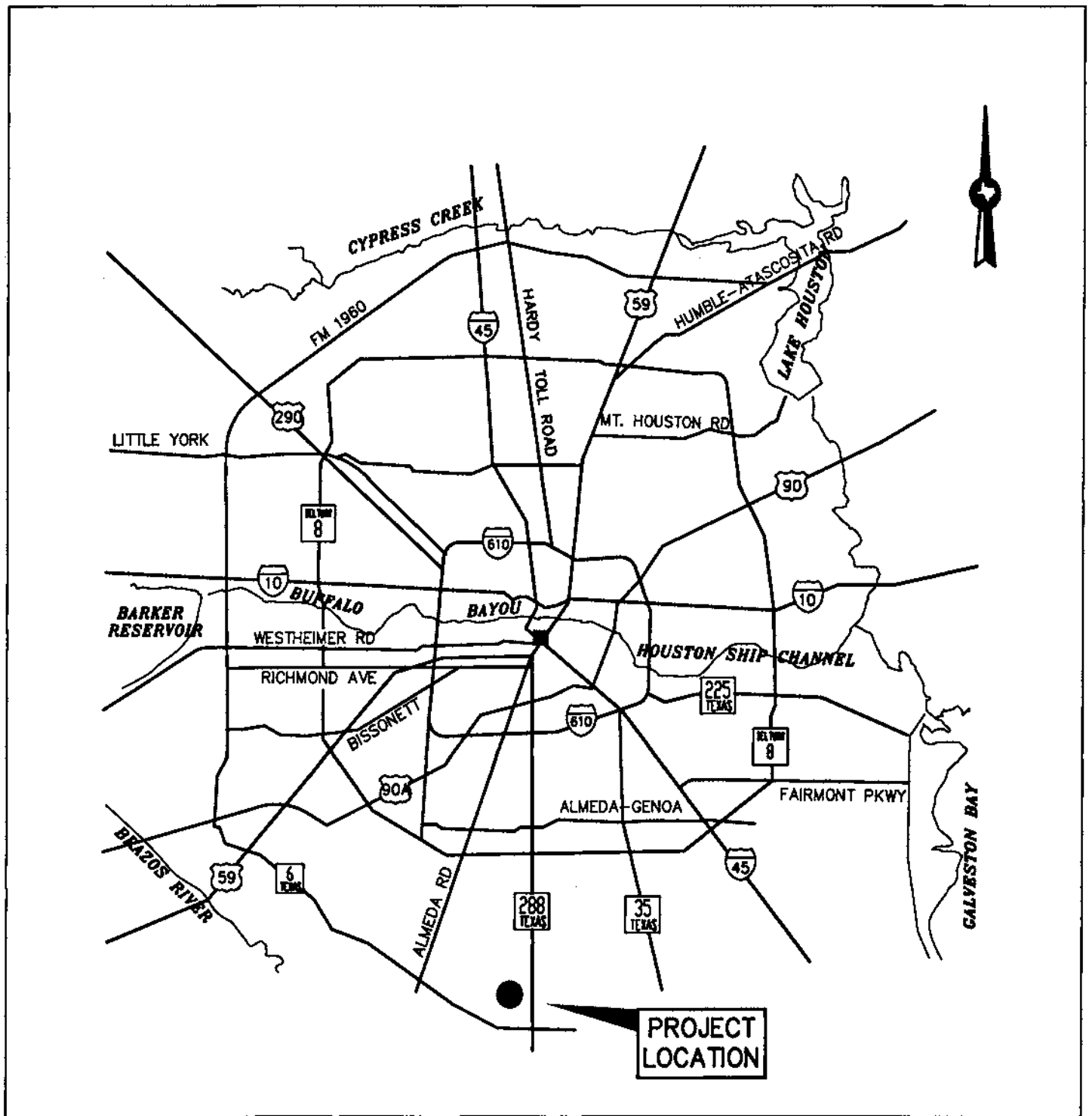
This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 29 as of the date shown on the first page hereof.

/s/ Eddie Cook
President, Board of Directors
Brazoria County Municipal Utility District No. 29

ATTEST:

/s/ Robina Spruill
Secretary, Board of Directors
Brazoria County Municipal Utility District No. 29

APPENDIX A
LOCATION MAP



APPENDIX B

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 29
BRAZORIA COUNTY, TEXAS
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS
JULY 31, 2021

Brazoria County Municipal Utility District No. 29

Brazoria County, Texas

Independent Auditor's Report and Financial Statements

July 31, 2021



Brazoria County Municipal Utility District No. 29

July 31, 2021

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Independent Auditor's Report

Board of Directors
Brazoria County Municipal Utility District No. 29
Brazoria County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 29 (the District), as of and for the year ended July 31, 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 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 financial statements are free from 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 policies 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 and appropriate to provide a basis for our audit opinions.

Opinions

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 the District as of July 31, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
December 9, 2021

Brazoria County Municipal Utility District No. 29

Management's Discussion and Analysis

July 31, 2021

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

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

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

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

Brazoria County Municipal Utility District No. 29

Management's Discussion and Analysis (Continued)

July 31, 2021

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Brazoria County Municipal Utility District No. 29

Management's Discussion and Analysis (Continued)

July 31, 2021

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 8,186,641	\$ 5,371,610
Capital assets	<u>31,462,020</u>	<u>28,207,443</u>
Total assets	<u>39,648,661</u>	<u>33,579,053</u>
Deferred outflows of resources	<u>566,550</u>	<u>528,877</u>
Total assets and deferred outflows of resources	<u>\$ 40,215,211</u>	<u>\$ 34,107,930</u>
Long-term liabilities	\$ 35,651,817	\$ 31,001,700
Other liabilities	<u>1,337,433</u>	<u>701,854</u>
Total liabilities	<u>36,989,250</u>	<u>31,703,554</u>
Net position:		
Net investment in capital assets	(2,988,453)	(1,877,053)
Restricted	2,178,161	1,905,500
Unrestricted	<u>4,036,253</u>	<u>2,375,929</u>
Total net position	<u>\$ 3,225,961</u>	<u>\$ 2,404,376</u>

The total net position of the District increased by \$821,585, or about 34 percent. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Brazoria County Municipal Utility District No. 29
Management's Discussion and Analysis (Continued)
July 31, 2021

Summary of Changes in Net Position

	2021	2020
Revenues:		
Property taxes	\$ 3,050,347	\$ 2,922,029
Charges for services	925,618	887,461
Other revenues	385,922	382,136
	<hr/>	<hr/>
Total revenues	4,361,887	4,191,626
	<hr/>	<hr/>
Expenses:		
Services	1,476,758	1,265,994
Depreciation	771,595	703,066
Debt service	1,291,949	770,877
	<hr/>	<hr/>
Total expenses	3,540,302	2,739,937
	<hr/>	<hr/>
Change in net position	821,585	1,451,689
Net position, beginning of year	2,404,376	952,687
	<hr/>	<hr/>
Net position, end of year	\$ 3,225,961	\$ 2,404,376
	<hr/>	<hr/>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended July 31, 2021, were \$7,063,048, an increase of \$2,172,705 from the prior year.

The general fund's fund balance increased by \$1,662,412 due to property taxes and service revenues exceeding service operations and capital outlay expenditures. In addition, tap connection and inspection fee revenues exceeded related expenditures. Also, the general fund received a transfer from the capital projects fund.

The debt service fund's fund balance increased by \$263,699, primarily because property tax revenues generated were greater than bond principal and interest requirements.

The capital projects fund's fund balance increased by \$246,594 due to proceeds from the sale of bonds exceeding capital outlay expenditures, debt issuance costs and a transfer to the general fund.

Brazoria County Municipal Utility District No. 29

Management's Discussion and Analysis (Continued)

July 31, 2021

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes revenues, tap connection and inspection fees revenue and related expenditures and repairs and maintenance expenditures being greater than anticipated and capital outlay expenditures and interfund transfers in being less than anticipated. The fund balance as of July 31, 2021, was expected to be \$3,837,703 and the actual end-of-year fund balance was \$4,014,310.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	<u>2021</u>	<u>2020</u>
Land and improvements	\$ 8,701,821	\$ 7,576,279
Water facilities	6,992,060	6,657,860
Wastewater facilities	7,837,779	6,875,784
Drainage facilities	<u>7,930,360</u>	<u>7,097,520</u>
Total capital assets	<u>\$ 31,462,020</u>	<u>\$ 28,207,443</u>

During the current year, additions to capital assets were as follows:

Lift station to serve Newport Lake Estates	\$ 587,706
Water, sewer and drainage facilities to serve Rodeo Palms, Palm Villas, Section 2, and Rodeo Palms, The Lakes, Sections 2 and 3, Rodeo Palms, The Colony, Section 6, and Newport Lakes Estates, Section 1, Phases I and II	2,238,820
Recoating of ground storage tank No. 1	69,444
Waterline and sanitary sewer force main improvements	4,660
Clearing and grubbing for Rodeo Palms, The Lakes, Sections 2 and 3, Rodeo Palms, The Colony, Section 6, and Foxtail Palms	1,120,449
0.14-acre lift station site	<u>5,093</u>
Total additions to capital assets	<u>\$ 4,026,172</u>

Brazoria County Municipal Utility District No. 29

Management's Discussion and Analysis (Continued)

July 31, 2021

Developers of the District have constructed facilities on behalf of the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$8,204,250. These amounts have been recorded in the financial statements as long-term liabilities.

Debt

The changes in the debt position of the District during the fiscal year ended July 31, 2021, are summarized as follows:

Long-term debt payable, beginning of year	\$ 31,001,700
Increases in long-term debt	11,957,247
Decreases in long-term debt	<u>(7,307,130)</u>
Long-term debt payable, end of year	<u>\$ 35,651,817</u>

During the current year, the District issued \$2,530,000 in unlimited tax refunding bonds, Series 2021, to refund \$2,370,000 of outstanding Series 2013 bonds. The District refunded the bonds to reduce total debt service payments over future years by \$437,845 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$358,986.

During the current year, the District also issued \$6,690,000 in unlimited tax bonds, Series 2021A, at a net effective interest rate of approximately 2.175 percent. The bonds were issued for construction of District facilities and to reimburse developers.

As of July 31, 2021, the District had \$36,315,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems and \$6,000,000 in authorized and unissued bonds for the development and maintenance of recreational facilities within the District.

The District's bonds carry underlying ratings of "BBB-" by Standard & Poor's (S&P) or "A3" by Moody's Investors Service (Moody's). The District's Series 2015 refunding and Series 2021 refunding bonds carry a "AA" rating from S&P and a "A2" rating from Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The District's Series 2016 refunding, Series 2017 and Series 2021A bonds carry a "AA" rating from S&P by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Manvel

Under existing Texas law, since the District lies wholly within the City of Manvel (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be dissolved by the City without the District's consent. If the District is dissolved, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Brazoria County Municipal Utility District No. 29
Management's Discussion and Analysis (Continued)
July 31, 2021

Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$3,550,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Brazoria County Municipal Utility District No. 29
Statement of Net Position and Governmental Funds Balance Sheet
July 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 190,274	\$ 64,647	\$ 593,240	\$ 848,161	\$ -	\$ 848,161
Certificates of deposit	2,205,000	1,700,000	-	3,905,000	-	3,905,000
Short-term investments	1,933,663	624,709	672,678	3,231,050	-	3,231,050
Receivables:						
Property taxes	21,943	30,587	-	52,530	-	52,530
Service accounts	123,147	-	-	123,147	-	123,147
Accrued penalty and interest	-	-	-	-	19,881	19,881
Accrued interest	2,793	4,079	-	6,872	-	6,872
Interfund receivable	-	9,791	-	9,791	(9,791)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	8,701,821	8,701,821
Infrastructure	-	-	-	-	22,760,199	22,760,199
Total assets	4,476,820	2,433,813	1,265,918	8,176,551	31,472,110	39,648,661
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	566,550	566,550
Total assets and deferred outflows of resources	\$ 4,476,820	\$ 2,433,813	\$ 1,265,918	\$ 8,176,551	\$ 32,038,660	\$ 40,215,211

Brazoria County Municipal Utility District No. 29
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
July 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 115,814	\$ 325	\$ 14,900	\$ 131,039	\$ -	\$ 131,039
Accrued interest payable	-	12,041	-	12,041	286,251	298,292
Customer deposits	269,962	-	-	269,962	-	269,962
Due to others	-	-	593,140	593,140	-	593,140
Unearned tap connection fees	45,000	-	-	45,000	-	45,000
Interfund payable	9,791	-	-	9,791	(9,791)	-
Long-term liabilities:						
Due within one year	-	-	-	-	665,000	665,000
Due after one year	-	-	-	-	34,986,817	34,986,817
Total liabilities	<u>440,567</u>	<u>12,366</u>	<u>608,040</u>	<u>1,060,973</u>	<u>35,928,277</u>	<u>36,989,250</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>21,943</u>	<u>30,587</u>	<u>0</u>	<u>52,530</u>	<u>(52,530)</u>	<u>0</u>
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	2,390,860	-	2,390,860	(2,390,860)	-
Water, sewer and drainage	-	-	657,878	657,878	(657,878)	-
Unassigned	<u>4,014,310</u>	<u>-</u>	<u>-</u>	<u>4,014,310</u>	<u>(4,014,310)</u>	<u>-</u>
Total fund balances	<u>4,014,310</u>	<u>2,390,860</u>	<u>657,878</u>	<u>7,063,048</u>	<u>(7,063,048)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,476,820</u>	<u>\$ 2,433,813</u>	<u>\$ 1,265,918</u>	<u>\$ 8,176,551</u>		
Net position:						
Net investment in capital assets					(2,988,453)	(2,988,453)
Restricted for debt service					2,155,077	2,155,077
Restricted for capital projects					23,084	23,084
Unrestricted					<u>4,036,253</u>	<u>4,036,253</u>
Total net position					<u>\$ 3,225,961</u>	<u>\$ 3,225,961</u>

Brazoria County Municipal Utility District No. 29

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

Year Ended July 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 1,443,491	\$ 1,614,654	\$ -	\$ 3,058,145	\$ (7,798)	\$ 3,050,347
Water service	469,930	-	-	469,930	-	469,930
Sewer service	415,962	-	-	415,962	-	415,962
Drainage service	39,726	-	-	39,726	-	39,726
Penalty and interest	49,948	19,908	-	69,856	114	69,970
Tap connection and inspection fees	266,420	-	-	266,420	-	266,420
Investment income	19,561	13,812	127	33,500	-	33,500
Other income	203	15,829	-	16,032	-	16,032
Total revenues	2,705,241	1,664,203	127	4,369,571	(7,684)	4,361,887
Expenditures/Expenses						
Service operations:						
Professional fees	198,724	9,547	-	208,271	55,837	264,108
Contracted services	173,933	40,175	-	214,108	-	214,108
Utilities	74,922	-	-	74,922	-	74,922
Repairs and maintenance	674,204	-	-	674,204	20,866	695,070
Other expenditures	135,083	8,342	-	143,425	-	143,425
Tap connections	85,125	-	-	85,125	-	85,125
Capital outlay	90,310	-	5,527,682	5,617,992	(5,617,992)	-
Depreciation	-	-	-	-	771,595	771,595
Debt service:						
Principal retirement	-	625,000	-	625,000	(625,000)	-
Interest and fees	-	724,387	-	724,387	15,599	739,986
Debt issuance costs	-	140,981	410,982	551,963	-	551,963
Total expenditures/expenses	1,432,301	1,548,432	5,938,664	8,919,397	(5,379,095)	3,540,302
Excess (Deficiency) of Revenues Over Expenditures	1,272,940	115,771	(5,938,537)	(4,549,826)	5,371,411	

Brazoria County Municipal Utility District No. 29

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended July 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	\$ 389,472	\$ -	\$ (389,472)	\$ -	\$ -	
General obligation bonds issued	-	2,530,000	6,690,000	9,220,000	(9,220,000)	
Discount on debt issued	-	(4,542)	(115,397)	(119,939)	119,939	
Deposit with escrow agent	-	(2,377,530)	-	(2,377,530)	2,377,530	
Total other financing sources	389,472	147,928	6,185,131	6,722,531	(6,722,531)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,662,412	263,699	246,594	2,172,705	(2,172,705)	
Change in Net Position					821,585	\$ 821,585
Fund Balances/Net Position						
Beginning of year	2,351,898	2,127,161	411,284	4,890,343	-	2,404,376
End of year	\$ 4,014,310	\$ 2,390,860	\$ 657,878	\$ 7,063,048	\$ 0	\$ 3,225,961

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Brazoria County Municipal Utility District No. 29 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective May 28, 2004, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund—The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis.

Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended July 31, 2021, include collections during the current period or within 60 days of year-end related to the 2020 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended July 31, 2021, the 2020 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

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

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, generally, it is the District's policy to use restricted resources first.

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 31,462,020
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	52,530
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	19,881
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	566,550

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds. \$ (286,251)

Long-term debt obligations are not due and payable in the current period and are not reported in the funds. (35,651,817)

Adjustment to fund balances to arrive at net position. \$ (3,837,087)

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances. \$ 2,172,705

Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation and noncapitalized costs in the current year. 4,769,694

Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 119,939

Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position. (6,217,470)

Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds. (7,684)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (15,599)

Change in net position of governmental activities. \$ 821,585

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At July 31, 2021, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and 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, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

At July 31, 2021, the District had the following investments and maturities.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
Texas CLASS	\$ 3,231,050	\$ 3,231,050	\$ 0	\$ 0	\$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2021, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at July 31, 2021, as follows:

Carrying value:	
Deposits	\$ 4,753,161
Investments	3,231,050
Total	<u>\$ 7,984,211</u>

Included in the following statement of net position captions:

Cash	\$ 848,161
Certificates of deposit	3,905,000
Short-term investments	3,231,050
Total	<u>\$ 7,984,211</u>

Investment Income

Investment income of \$33,500 for the year ended July 31, 2021, consisted of interest income.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Fair Value Measurements

The District has the following recurring fair value measurements as of July 31, 2021:

- Pooled investments of \$3,231,050 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended July 31, 2021, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 7,576,279	\$ 1,125,542	\$ 8,701,821
Capital assets, depreciable:			
Water production and distribution facilities	8,268,314	596,390	8,864,704
Wastewater collection and treatment facilities	9,028,324	1,256,292	10,284,616
Drainage facilities	8,410,950	1,047,948	9,458,898
Total capital assets, depreciable	25,707,588	2,900,630	28,608,218
Less accumulated depreciation:			
Water production and distribution facilities	(1,610,454)	(262,190)	(1,872,644)
Wastewater collection and treatment facilities	(2,152,540)	(294,297)	(2,446,837)
Drainage facilities	(1,313,430)	(215,108)	(1,528,538)
Total accumulated depreciation	(5,076,424)	(771,595)	(5,848,019)
Total governmental activities, net	\$ 28,207,443	\$ 3,254,577	\$ 31,462,020

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended July 31, 2021, were as follows.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ 21,290,000	\$ 9,220,000	\$ 2,995,000	\$ 27,515,000	\$ 665,000
Less discounts on bonds	376,350	119,939	71,111	425,178	-
Add premiums on bonds	211,498	-	10,938	200,560	-
	21,125,148	9,100,061	2,934,827	27,290,382	665,000
Due to developers, construction	9,719,367	2,857,186	4,372,303	8,204,250	-
Due to developers, advances	157,185	-	-	157,185	-
Total governmental activities long-term liabilities	\$ 31,001,700	\$ 11,957,247	\$ 7,307,130	\$ 35,651,817	\$ 665,000

General Obligation Bonds

	Series 2013	Refunding Series 2015
Amounts outstanding, July 31, 2021	\$40,000	\$4,770,000
Interest rates	3.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	March 1, 2022	March 1, 2022/2034
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	March 1, 2020	March 1, 2022
	Refunding Series 2016	Series 2017
Amounts outstanding, July 31, 2021	\$2,520,000	\$10,965,000
Interest rates	2.00% to 4.00%	2.00% to 3.50%
Maturity dates, serially beginning/ending	March 1, 2022/2035	March 1, 2022/2042
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	March 1, 2023	March 1, 2024

*Or any date thereafter; callable at par plus accrued interest to the date of the redemption.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

	Refunding Series 2021	Series 2021A
Amounts outstanding, July 31, 2021	\$2,530,000	\$6,690,000
Interest rates	1.25% to 2.00%	1.00% to 2.25%
Maturity dates, serially beginning/ending	March 1, 2022/2037	March 1, 2023/2045
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	March 1, 2026	March 1, 2026

*Or any date thereafter; callable at par plus accrued interest to the date of the redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at July 31, 2021:

Year	Principal	Interest	Total
2022	\$ 665,000	\$ 761,124	\$ 1,426,124
2023	860,000	775,724	1,635,724
2024	895,000	754,325	1,649,325
2025	930,000	732,124	1,662,124
2026	960,000	707,825	1,667,825
2027-2031	5,370,000	3,144,182	8,514,182
2032-2036	6,595,000	2,246,559	8,841,559
2037-2041	8,100,000	1,229,161	9,329,161
2042-2045	3,140,000	147,512	3,287,512
Total	<u>\$ 27,515,000</u>	<u>\$ 10,498,536</u>	<u>\$ 38,013,536</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Bonds voted	\$ 67,000,000
Bonds sold	30,685,000
Refunding bonds voted	43,500,000
Refunding bonds authorization used	710,000
Recreational facilities bonds voted	6,000,000

Due to Developers

Developers of the District have constructed facilities on behalf of the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$8,204,250. These amounts have been recorded in the financial statements as long-term liabilities.

Developers of the District have advanced \$157,185 to the District for operating expenses net of repayments. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5: Significant Bond Resolution and Commission Requirements

- A. The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended July 31, 2021, the District levied an ad valorem debt service tax at the rate of \$0.4800 per \$100 of assessed valuation, which resulted in a tax levy of \$1,609,552 on the taxable valuation of \$335,323,399 for the 2020 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,317,928 of which \$985,818 has been paid and \$332,110 is due on September 1, 2021.
- B. During the year ended July 31, 2021, the District transferred \$389,472 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held September 11, 2004, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended July 31, 2021, the District levied an ad valorem maintenance tax at the rate of \$0.4300 per \$100 of assessed valuation, which resulted in a tax levy of \$1,441,891 on the taxable valuation of \$335,323,399 for the 2020 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Brazoria County Municipal Utility District No. 29

Notes to Financial Statements

July 31, 2021

Note 7: 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 natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 8: Refunding Bonds

During the current year, the District issued \$2,530,000 in unlimited tax refunding bonds, Series 2021, to refund \$2,370,000 of outstanding Series 2013 bonds. The District refunded the bonds to reduce total debt service payments over future years by \$437,845 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$358,986.

Note 9: Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately \$3,550,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 10: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Required Supplementary Information

Brazoria County Municipal Utility District No. 29
Budgetary Comparison Schedule – General Fund
Year Ended July 31, 2021

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 1,249,173	\$ 1,443,491	\$ 194,318
Water service	474,400	469,930	(4,470)
Sewer service	417,400	415,962	(1,438)
Drainage service	38,600	39,726	1,126
Penalty and interest	46,500	49,948	3,448
Tap connection and inspection fees	210,200	266,420	56,220
Investment income	20,712	19,561	(1,151)
Other income	2,500	203	(2,297)
	<u>2,459,485</u>	<u>2,705,241</u>	<u>245,756</u>
Total revenues			
Expenditures			
Service operations:			
Professional fees	207,700	198,724	8,976
Contracted services	159,800	173,933	(14,133)
Utilities	72,100	74,922	(2,822)
Repairs and maintenance	632,620	674,204	(41,584)
Other expenditures	131,410	135,083	(3,673)
Tap connections	66,300	85,125	(18,825)
Capital outlay	115,000	90,310	24,690
	<u>1,384,930</u>	<u>1,432,301</u>	<u>(47,371)</u>
Total expenditures			
Excess of Revenues Over Expenditures	1,074,555	1,272,940	198,385
Other Financing Sources			
Interfund transfers in	411,250	389,472	(21,778)
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	1,485,805	1,662,412	176,607
Fund Balance, Beginning of Year	2,351,898	2,351,898	-
Fund Balance, End of Year	<u>\$ 3,837,703</u>	<u>\$ 4,014,310</u>	<u>\$ 176,607</u>

Brazoria County Municipal Utility District No. 29

Notes to Required Supplementary Information

July 31, 2021

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2021.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Brazoria County Municipal Utility District No. 29
Other Schedules Included Within This Report
July 31, 2021

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-27
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund –
Five Years
- [X] Board Members, Key Personnel and Consultants

Brazoria County Municipal Utility District No. 29

Schedule of Services and Rates

Year Ended July 31, 2021

1. Services provided by the District:

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	\$ 34.50 *	5,000	N	\$ 2.70	5,001	to	10,000
				\$ 3.00	10,001	to	20,000
				\$ 3.15	20,001	to	50,000
				\$ 3.30	50,001	to	75,000
				\$ 3.60	75,001	to	No Limit
Wastewater:	\$ 0 *	5,000	N	\$ 2.25	5,001	to	No Limit
Groundwater conversation district fee:	\$ 0.03	0	N	\$ 0.03	1	to	No Limit
Does the District employ winter averaging for wastewater usage?					Yes		No <input checked="" type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 48.30	Wastewater	\$ 11.25	

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,620	1,608	x1.0	1,608
1"	147	147	x2.5	368
1 1/2"	1	1	x5.0	5
2"	12	12	x8.0	96
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,781	1,769		2,092
Total wastewater	1,762	1,751	x1.0	1,751

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	134,541
Gallons billed to customers:	129,055
Water accountability ratio (gallons billed/gallons pumped):	95.92%

*Total minimum water and wastewater rate is \$34.50

**"ESFC" means equivalent single-family connections

Brazoria County Municipal Utility District No. 29
Schedule of General Fund Expenditures
Year Ended July 31, 2021

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 19,000	
Legal	93,834	
Engineering	85,890	
Financial advisor	<u>-</u>	198,724
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		-
Contracted Services		
Bookkeeping	24,470	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	<u>149,463</u>	173,933
Utilities		74,922
Repairs and Maintenance		674,204
Administrative Expenditures		
Directors' fees	23,400	
Office supplies	31,323	
Insurance	16,513	
Other administrative expenditures	<u>63,847</u>	135,083
Capital Outlay		
Capitalized assets	69,444	
Expenditures not capitalized	<u>20,866</u>	90,310
Tap Connection Expenditures		85,125
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Lease Payments		-
Other Expenditures		<u>-</u>
Total expenditures		<u><u>\$ 1,432,301</u></u>

Brazoria County Municipal Utility District No. 29
Schedule of Temporary Investments
July 31, 2021

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 5000032911	0.15%	11/14/21	\$ 245,000	\$ 75
No. 91300011943152	0.38%	12/09/21	245,000	434
No. 12335	0.50%	03/04/22	245,000	500
No. 488	0.55%	02/10/22	245,000	631
No. 4191081	0.35%	03/02/22	245,000	355
No. 36001416	0.25%	05/19/22	245,000	122
No. 6000030947	0.50%	06/05/22	245,000	188
No. 2004546	0.25%	09/26/21	245,000	206
No. 9009004489	0.35%	04/01/22	245,000	282
Texas CLASS	0.06%	Demand	1,933,663	-
			<u>4,138,663</u>	<u>2,793</u>
Debt Service Fund				
Certificates of Deposit				
No. 91300011930141	0.70%	08/17/21	240,000	1,597
No. 12332	0.50%	05/06/22	240,000	283
No. 440005517	0.30%	02/20/22	245,000	324
No. 4191376	0.35%	02/16/22	245,000	388
No. 36001838	0.40%	08/07/21	245,000	462
No. 6000029428	0.75%	02/11/22	245,000	856
No. 9009004490	0.30%	05/06/22	240,000	169
Texas CLASS	0.06%	Demand	624,709	-
			<u>2,324,709</u>	<u>4,079</u>
Capital Projects Fund				
Texas CLASS	0.06%	Demand	31,399	-
Texas CLASS	0.06%	Demand	641,279	-
			<u>672,678</u>	<u>0</u>
Totals			<u>\$ 7,136,050</u>	<u>\$ 6,872</u>

Brazoria County Municipal Utility District No. 29

Analysis of Taxes Levied and Receivable

Year Ended July 31, 2021

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	\$ 24,031	\$ 36,297
Additions and corrections to prior years' taxes	<u>(488)</u>	<u>(608)</u>
Adjusted receivable, beginning of year	<u>23,543</u>	<u>35,689</u>
 2020 Original Tax Levy	 1,372,023	 1,531,560
Additions and corrections	<u>69,868</u>	<u>77,992</u>
Adjusted tax levy	<u>1,441,891</u>	<u>1,609,552</u>
Total to be accounted for	1,465,434	1,645,241
Tax collections: Current year	(1,427,988)	(1,594,033)
Prior years	<u>(15,503)</u>	<u>(20,621)</u>
Receivable, end of year	<u><u>\$ 21,943</u></u>	<u><u>\$ 30,587</u></u>
 Receivable, by Years		
2020	\$ 13,903	\$ 15,519
2019	3,471	4,488
2018	986	1,275
2017	760	1,473
2016	704	1,364
2015	577	1,293
2014	447	1,304
2013	331	1,397
2012	368	1,287
2011	<u>396</u>	<u>1,187</u>
Receivable, end of year	<u><u>\$ 21,943</u></u>	<u><u>\$ 30,587</u></u>

Brazoria County Municipal Utility District No. 29
Analysis of Taxes Levied and Receivable (Continued)
Year Ended July 31, 2021

	2020	2019	2018	2017
Property Valuations				
Land	\$ 59,698,700	\$ 57,267,430	\$ 51,089,048	\$ 45,977,200
Improvements	285,327,173	260,058,100	228,737,603	188,624,160
Personal property	5,326,110	4,711,270	3,762,180	3,556,250
Exemptions	<u>(15,028,584)</u>	<u>(11,142,676)</u>	<u>(8,452,457)</u>	<u>(7,837,587)</u>
Total property valuations	<u>\$ 335,323,399</u>	<u>\$ 310,894,124</u>	<u>\$ 275,136,374</u>	<u>\$ 230,320,023</u>
Tax Rates per \$100 Valuation				
Debt service tax rates	\$ 0.4800	\$ 0.5300	\$ 0.5300	\$ 0.6200
Maintenance tax rates*	<u>0.4300</u>	<u>0.4100</u>	<u>0.4100</u>	<u>0.3200</u>
Total tax rates per \$100 valuation	<u>\$ 0.9100</u>	<u>\$ 0.9400</u>	<u>\$ 0.9400</u>	<u>\$ 0.9400</u>
Tax Levy	<u>\$ 3,051,443</u>	<u>\$ 2,922,405</u>	<u>\$ 2,586,282</u>	<u>\$ 2,165,008</u>
Percent of Taxes Collected to Taxes Levied**	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

*Maximum tax rate approved by voters: \$1.50 on September 11, 2004

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

Brazoria County Municipal Utility District No. 29
Schedule of Long-term Debt Service Requirements by Years
July 31, 2021

Due During Fiscal Years Ending July 31	Series 2013		Total
	Principal Due March 1	Interest Due September 1, March 1	
2022	\$ 40,000	\$ 1,200	\$ 41,200

Brazoria County Municipal Utility District No. 29
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2021

Due During Fiscal Years Ending July 31	Refunding Series 2015		
	Principal Due March 1	Interest Due September 1, March 1	Total
2022	\$ 285,000	\$ 166,025	\$ 451,025
2023	295,000	157,475	452,475
2024	310,000	148,625	458,625
2025	320,000	139,325	459,325
2026	330,000	129,725	459,725
2027	345,000	119,825	464,825
2028	360,000	109,475	469,475
2029	370,000	98,225	468,225
2030	390,000	86,200	476,200
2031	410,000	70,600	480,600
2032	430,000	54,200	484,200
2033	455,000	37,000	492,000
2034	470,000	18,800	488,800
Totals	<u>\$ 4,770,000</u>	<u>\$ 1,335,500</u>	<u>\$ 6,105,500</u>

Brazoria County Municipal Utility District No. 29
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2021

Due During Fiscal Years Ending July 31	Refunding Series 2016		
	Principal Due March 1	Interest Due September 1, March 1	Total
2022	\$ 115,000	\$ 97,200	\$ 212,200
2023	125,000	93,750	218,750
2024	120,000	90,000	210,000
2025	125,000	86,400	211,400
2026	130,000	81,400	211,400
2027	130,000	76,200	206,200
2028	135,000	71,000	206,000
2029	140,000	65,600	205,600
2030	145,000	60,000	205,000
2031	150,000	54,200	204,200
2032	155,000	48,200	203,200
2033	150,000	42,000	192,000
2034	160,000	36,000	196,000
2035	740,000	29,600	769,600
Totals	<u>\$ 2,520,000</u>	<u>\$ 931,550</u>	<u>\$ 3,451,550</u>

Brazoria County Municipal Utility District No. 29
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2021

Due During Fiscal Years Ending July 31	Series 2017		
	Principal Due March 1	Interest Due September 1, March 1	Total
2022	\$ 210,000	\$ 350,056	\$ 560,056
2023	215,000	345,856	560,856
2024	225,000	341,556	566,556
2025	240,000	337,056	577,056
2026	245,000	332,256	577,256
2027	260,000	326,744	586,744
2028	260,000	320,244	580,244
2029	280,000	312,444	592,444
2030	285,000	304,044	589,044
2031	300,000	295,494	595,494
2032	315,000	286,494	601,494
2033	330,000	277,044	607,044
2034	345,000	266,732	611,732
2035	280,000	255,950	535,950
2036	250,000	246,850	496,850
2037	250,000	238,724	488,724
2038	1,210,000	230,600	1,440,600
2039	1,275,000	191,275	1,466,275
2040	1,335,000	146,650	1,481,650
2041	1,395,000	99,925	1,494,925
2042	1,460,000	51,100	1,511,100
Totals	<u>\$ 10,965,000</u>	<u>\$ 5,557,094</u>	<u>\$ 16,522,094</u>

Brazoria County Municipal Utility District No. 29
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2021

Due During Fiscal Years Ending July 31	Refunding Series 2021		
	Principal Due March 1	Interest Due September 1, March 1	Total
2022	\$ 15,000	\$ 49,738	\$ 64,738
2023	50,000	49,437	99,437
2024	55,000	48,438	103,438
2025	55,000	47,337	102,337
2026	55,000	46,238	101,238
2027	55,000	45,137	100,137
2028	60,000	44,038	104,038
2029	55,000	43,287	98,287
2030	55,000	42,600	97,600
2031	55,000	41,500	96,500
2032	55,000	40,400	95,400
2033	60,000	39,300	99,300
2034	65,000	38,100	103,100
2035	65,000	36,800	101,800
2036	870,000	35,500	905,500
2037	905,000	18,100	923,100
Totals	<u>\$ 2,530,000</u>	<u>\$ 665,950</u>	<u>\$ 3,195,950</u>

Brazoria County Municipal Utility District No. 29
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2021

Due During Fiscal Years Ending July 31	Series 2021A		Total
	Principal Due March 1	Interest Due September 1, March 1	
2022	\$ -	\$ 96,905	\$ 96,905
2023	175,000	129,206	304,206
2024	185,000	125,706	310,706
2025	190,000	122,006	312,006
2026	200,000	118,206	318,206
2027	210,000	116,206	326,206
2028	215,000	114,106	329,106
2029	225,000	111,956	336,956
2030	235,000	109,144	344,144
2031	245,000	105,913	350,913
2032	255,000	102,238	357,238
2033	270,000	97,138	367,138
2034	280,000	91,738	371,738
2035	290,000	86,137	376,137
2036	305,000	80,338	385,338
2037	320,000	74,237	394,237
2038	330,000	67,838	397,838
2039	345,000	61,237	406,237
2040	360,000	54,338	414,338
2041	375,000	46,237	421,237
2042	395,000	37,800	432,800
2043	410,000	28,912	438,912
2044	430,000	19,688	449,688
2045	445,000	10,012	455,012
Totals	<u>\$ 6,690,000</u>	<u>\$ 2,007,242</u>	<u>\$ 8,697,242</u>

Brazoria County Municipal Utility District No. 29
Schedule of Long-term Debt Service Requirements by Years (Continued)
July 31, 2021

Due During Fiscal Years Ending July 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	\$ 665,000	\$ 761,124	\$ 1,426,124
2023	860,000	775,724	1,635,724
2024	895,000	754,325	1,649,325
2025	930,000	732,124	1,662,124
2026	960,000	707,825	1,667,825
2027	1,000,000	684,112	1,684,112
2028	1,030,000	658,863	1,688,863
2029	1,070,000	631,512	1,701,512
2030	1,110,000	601,988	1,711,988
2031	1,160,000	567,707	1,727,707
2032	1,210,000	531,532	1,741,532
2033	1,265,000	492,482	1,757,482
2034	1,320,000	451,370	1,771,370
2035	1,375,000	408,487	1,783,487
2036	1,425,000	362,688	1,787,688
2037	1,475,000	331,061	1,806,061
2038	1,540,000	298,438	1,838,438
2039	1,620,000	252,512	1,872,512
2040	1,695,000	200,988	1,895,988
2041	1,770,000	146,162	1,916,162
2042	1,855,000	88,900	1,943,900
2043	410,000	28,912	438,912
2044	430,000	19,688	449,688
2045	445,000	10,012	455,012
Totals	<u>\$ 27,515,000</u>	<u>\$ 10,498,536</u>	<u>\$ 38,013,536</u>

Brazoria County Municipal Utility District No. 29

Changes in Long-term Bonded Debt

Year Ended July 31, 2021

	Bond		
	Series 2013	Refunding Series 2015	Refunding Series 2016
Interest rates	3.00%	2.00% to 4.00%	2.00% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	March 1, 2022	March 1, 2022/2034	March 1, 2022/2035
Bonds outstanding, beginning of current year	\$ 2,450,000	\$ 5,040,000	\$ 2,640,000
Bonds sold during current year	-	-	-
Bonds refunded during current year	2,370,000	-	-
Retirements, principal	<u>40,000</u>	<u>270,000</u>	<u>120,000</u>
Bonds outstanding, end of current year	<u>\$ 40,000</u>	<u>\$ 4,770,000</u>	<u>\$ 2,520,000</u>
Interest paid during current year	<u>\$ 92,755</u>	<u>\$ 174,125</u>	<u>\$ 100,800</u>

Paying agent's name and address:

Series 2013 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Series 2015 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Series 2016 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Series 2017 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Series 2021 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Series 2021A - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	\$ 67,000,000	\$ 6,000,000	\$ 43,500,000
Amount authorization used	\$ 30,685,000	\$ -	\$ 710,000
Remaining to be issued	<u>\$ 36,315,000</u>	<u>\$ 6,000,000</u>	<u>\$ 42,790,000</u>

Debt service fund cash and temporary investment balances as of July 31, 2021: \$ 2,389,356

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,583,897

Issues

Series 2017	Refunding Series 2021	Series 2021A	Totals
2.00% to 3.50%	1.25% to 2.00%	1.00% to 2.25%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	
March 1, 2022/2042	March 1, 2022/2037	March 1, 2023/2045	
\$ 11,160,000	\$ -	\$ -	\$ 21,290,000
-	2,530,000	6,690,000	9,220,000
-	-	-	2,370,000
195,000	-	-	625,000
<u>\$ 10,965,000</u>	<u>\$ 2,530,000</u>	<u>\$ 6,690,000</u>	<u>\$ 27,515,000</u>
<u>\$ 353,956</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 721,636</u>

Brazoria County Municipal Utility District No. 29
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended July 31,

	Amounts				
	2021	2020	2019	2018	2017
General Fund					
Revenues					
Property taxes	\$ 1,443,491	\$ 1,265,535	\$ 1,125,780	\$ 735,450	\$ 592,253
Water service	469,930	453,807	418,155	402,776	347,069
Sewer service	415,962	396,068	365,749	351,031	297,398
Drainage service	39,726	37,586	36,394	34,474	30,334
Penalty and interest	49,948	45,894	52,010	23,849	40,336
Tap connection and inspection fees	266,420	214,220	126,770	272,700	498,335
Investment income	19,561	40,079	41,173	22,417	11,238
Other income	203	2,030	53	144,452	1,694
Total revenues	<u>2,705,241</u>	<u>2,455,219</u>	<u>2,166,084</u>	<u>1,987,149</u>	<u>1,818,657</u>
Expenditures					
Service operations:					
Professional fees	198,724	189,412	203,582	181,737	125,490
Contracted services	173,933	154,916	174,399	169,562	166,660
Utilities	74,922	69,823	75,247	75,518	71,608
Repairs and maintenance	674,204	595,033	772,258	844,280	516,634
Lease payments	-	-	-	93,086	159,576
Other expenditures	135,083	107,424	137,703	186,091	108,017
Tap connections	85,125	71,552	46,300	59,250	168,350
Capital outlay	90,310	396,947	619,562	633,332	23,530
Debt service, debt issuance costs	-	9,475	-	-	61,414
Total expenditures	<u>1,432,301</u>	<u>1,594,582</u>	<u>2,029,051</u>	<u>2,242,856</u>	<u>1,401,279</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,272,940</u>	<u>860,637</u>	<u>137,033</u>	<u>(255,707)</u>	<u>417,378</u>
Other Financing Sources					
Interfund transfers in	389,472	-	-	61,414	-
Insurance proceeds	-	-	30,223	-	-
Recovery from governmental agency	-	-	23,130	-	-
Total other financing sources	<u>389,472</u>	<u>0</u>	<u>53,353</u>	<u>61,414</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	<u>1,662,412</u>	<u>860,637</u>	<u>190,386</u>	<u>(194,293)</u>	<u>417,378</u>
Fund Balance, Beginning of Year	<u>2,351,898</u>	<u>1,491,261</u>	<u>1,300,875</u>	<u>1,495,168</u>	<u>1,077,790</u>
Fund Balance, End of Year	<u>\$ 4,014,310</u>	<u>\$ 2,351,898</u>	<u>\$ 1,491,261</u>	<u>\$ 1,300,875</u>	<u>\$ 1,495,168</u>
Total Active Retail Water Connections	<u>1,769</u>	<u>1,614</u>	<u>1,527</u>	<u>1,497</u>	<u>1,392</u>
Total Active Retail Wastewater Connections	<u>1,751</u>	<u>1,596</u>	<u>1,511</u>	<u>1,480</u>	<u>1,375</u>

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
53.4 %	51.6 %	51.9 %	37.0 %	32.6 %
17.4	18.5	19.3	20.3	19.1
15.4	16.1	16.9	17.7	16.3
1.5	1.5	1.7	1.7	1.7
1.8	1.9	2.4	1.2	2.2
9.8	8.7	5.9	13.7	27.4
0.7	1.6	1.9	1.1	0.6
0.0	0.1	0.0	7.3	0.1
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
7.4	7.7	9.4	9.1	6.9
6.4	6.3	8.1	8.5	9.2
2.8	2.8	3.5	3.8	3.9
24.9	24.2	35.6	42.5	28.4
-	-	-	4.7	8.8
5.0	4.4	6.4	9.4	5.9
3.2	2.9	2.1	3.0	9.3
3.3	16.2	28.6	31.9	1.3
-	0.4	-	-	3.4
<u>53.0</u>	<u>64.9</u>	<u>93.7</u>	<u>112.9</u>	<u>77.1</u>
<u><u>47.0 %</u></u>	<u><u>35.1 %</u></u>	<u><u>6.3 %</u></u>	<u><u>(12.9) %</u></u>	<u><u>22.9 %</u></u>

Brazoria County Municipal Utility District No. 29

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended July 31,

	Amounts				
	2021	2020	2019	2018	2017
Debt Service Fund					
Revenues					
Property taxes	\$ 1,614,654	\$ 1,635,937	\$ 1,460,892	\$ 1,425,060	\$ 1,147,888
Penalty and interest	19,908	17,522	12,150	13,376	9,421
Investment income	13,812	36,890	38,491	19,787	6,921
Other income	15,829	13,024	9,424	10,429	2,987
Total revenues	1,664,203	1,703,373	1,520,957	1,468,652	1,167,217
Expenditures					
Current:					
Professional fees	9,547	4,886	6,969	5,919	4,357
Contracted services	40,175	39,786	36,362	32,956	27,677
Other expenditures	8,342	5,161	7,556	4,460	3,267
Debt service:					
Principal retirement	625,000	610,000	590,000	395,000	405,000
Interest and fees	724,387	737,700	749,160	557,770	416,711
Debt issuance costs	140,981	-	-	-	153,622
Total expenditures	1,548,432	1,397,533	1,390,047	996,105	1,010,634
Excess of Revenues Over Expenditures	115,771	305,840	130,910	472,547	156,583
Other Financing Sources (Uses)					
General obligation bonds issued	2,530,000	-	-	-	3,025,000
Discount on debt issued	(4,542)	-	-	-	-
Premium on debt issued	-	-	-	-	199,027
Deposit with escrow agent	(2,377,530)	-	-	-	(3,060,298)
Total other financing sources	147,928	0	0	0	163,729
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	263,699	305,840	130,910	472,547	320,312
Fund Balance, Beginning of Year	2,127,161	1,821,321	1,690,411	1,217,864	897,552
Fund Balance, End of Year	\$ 2,390,860	\$ 2,127,161	\$ 1,821,321	\$ 1,690,411	\$ 1,217,864

Percent of Fund Total Revenues

2021	2020	2019	2018	2017
97.0 %	96.0 %	96.1 %	97.0 %	98.3 %
1.2	1.0	0.8	0.9	0.8
0.8	2.2	2.5	1.4	0.6
1.0	0.8	0.6	0.7	0.3
100.0	100.0	100.0	100.0	100.0
0.6	0.3	0.5	0.4	0.4
2.4	2.3	2.4	2.2	2.4
0.5	0.3	0.5	0.3	0.3
37.5	35.8	38.8	26.9	34.7
43.5	43.3	49.3	38.0	35.7
8.5	-	-	-	13.1
93.0	82.0	91.5	67.8	86.6
7.0 %	18.0 %	8.5 %	32.2 %	13.4 %

Brazoria County Municipal Utility District No. 29
Board Members, Key Personnel and Consultants
Year Ended July 31, 2021

Complete District mailing address:	Brazoria County Municipal Utility District No. 29 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 15, 2020
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Eddie Cook	Elected 05/20- 05/24	\$ 5,550	\$ 1,575	President
Cassandra Cantner	Elected 05/18- 05/22	4,650	7	Vice President
Robina Spruill	Elected 05/20- 05/24	5,700	1,907	Secretary
Erin Garcia	Elected 05/18- 05/22	2,700	0	Assistant Vice President
Elizabeth Miller	Elected 05/20- 05/24	4,800	0	Assistant Secretary

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

Brazoria County Municipal Utility District No. 29
Board Members, Key Personnel and Consultants (Continued)
Year Ended July 31, 2021

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	06/29/04	\$ 98,938 223,359	General Counsel Bond Counsel
Assessments of the Southwest, Inc.	08/02/04	28,761	Tax Assessor/ Collector
BKD, LLP	07/11/05	35,900	Auditor
Brazoria County Appraisal District	Legislative Action	18,866	Appraiser
EHRA Engineering, Inc.	03/07/05	129,650	Engineer
Municipal Accounts & Consulting, L.P.	08/02/04	33,003	Bookkeeper
Municipal Operations & Consulting, Inc.	04/01/12	765,919	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/07/05	9,547	Delinquent Tax Attorney
Rathmann & Associates, L.P.	12/06/04	168,425	Financial Advisor
Investment Officers			
Ghia Lewis and Mark M. Burton	12/06/04	N/A	Bookkeepers

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND
INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

ASSURED GUARANTY MUNICIPAL CORP. ("AGM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AGM, 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 Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the 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 AGM. 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 AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

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 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 AGM 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 of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount 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 or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, AGM 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 AGM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AGM, 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, (a) 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 and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100

