OFFICIAL STATEMENT DATED FEBRUARY 28, 2022

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINIONOF BOND COUNSEL.

THE BONDS HAVE BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE - Book-Entry-Only

Insured Rating (AGM): S&P "AA" (stable outlook)
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$3,500,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147
(A political subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX BONDS, SERIES 2022

Dated Date: March 1, 2022 **Due: September 1, as shown below**
Interest Accrual Date: Date of Delivery

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially Zions Bancorporation, National Association, Amegy Bank Division, (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Houston, Texas. Interest on the Bonds will accrue from the initial date of delivery (expected to be March 29, 2022) (the "Date of Delivery") and be payable on September 1, 2022 and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in $5,000 denominations or integral multiples thereof. The Bonds are subject to redemption prior to maturity as shown below.

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 "BOOK-ENTRY-ONLY SYSTEM."

ASSURED GUARANTY MUNICIPAL

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 "MUNICIPAL BOND INSURANCE" herein.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2023	$ 85,000	3.00 %	1.30 %	34684E CL3	2026	$ 100,000	3.00 %	1.70 %	34684E CP4
2024	90,000	3.00	1.40	34684E CM1	2027	105,000	3.00	1.85	34684E CQ2
2025	95,000	3.00	1.55	34684E CN9					

$220,000 Term Bonds due September 1, 2029 (c), 34684E CS8 (b), 3.00% Interest Rate, 2.00% Yield (a)
$490,000 Term Bonds due September 1, 2033 (c), 34684E CW9 (b), 3.00% Interest Rate, 2.40% Yield (a)
$280,000 Term Bonds due September 1, 2035 (c), 34684E CY5 (b), 3.00% Interest Rate, 2.60% Yield (a)
$1,185,000 Term Bonds due September 1, 2042 (c), 34684E DF5 (b), 3.00% Interest Rate, 3.00% Yield (a)
$850,000 Term Bonds due September 1, 2046 (c), 34684E DK4 (b), 3.00% Interest Rate, 3.00% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.

(b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

(c) Bonds maturing on and after September 1, 2028, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 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. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Fort Bend County Municipal Utility District No. 147 (the "District") and will be 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. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Rosenberg or any entity other than the District. The Bonds are subject to certain risk factors described herein. See "RISK FACTORS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about March 29, 2022.

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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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas, 77056, upon payment of duplication costs.

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

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

Assured Guaranty Municipal Corp. ("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 "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

INFECTIOUS DISEASE OUTLOOK (COVID-19)

General.. 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.

Since such time, COVID-19 has 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 COVID-19 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. See "RISK FACTORS—Infectious Disease Outlook (COVID-19)."

THE DISTRICT

Description...................................... Fort Bend County Municipal Utility District No. 147 (the "District") is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission") on July 9, 2004, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently consists of approximately 394 acres of land. See "THE DISTRICT".

Location..................................... The District is located in Fort Bend County approximately 32 miles west of the central downtown business district of the City of Houston and approximately 3 miles south of the downtown business district of the City of Rosenberg (the "City"). The District lies wholly within the city limits of the City and within the boundaries of Lamar Consolidated Independent School District. The District is directly south of and adjacent to J. Meyer Road; approximately 1.5 miles south of US Highway 59/Interstate 69; approximately 0.5 miles east of State Highway 36; and approximately 0.5 miles west of FM 2218. See "THE DISTRICT—Description and Location."

The Developers and Principal Property Owners........................LGI Homes-Texas, LLC, a Texas limited liability company, ("LGI") has developed the Trails at Seabourne Parke, Sections Two through Four, consisting of 308 lots on approximately 64 acres of land. LGI owns no remaining developable land within the District.

Josh-Mara Development, LLC, a Texas limited liability company ("Josh-Mara"), has developed Seabourne Landing, Section One consisting of 83 lots on approximately 24 acres and Seabourne Landing Section Two consisting of 70 lots on approximately 28 acres of land for Chesmar Homes, LLC, a Texas limited liability company, ("Chesmar"). Josh-Mara is currently developing Seabourne Landing, Section Three consisting of 81 lots on approximately 19 acres of land, which completion is anticipated by the end of the first quarter of 2022.

LGI and Chesmar are collectively referred to as the"Developers."

In addition, ZED Partners, LTD, a Texas limited partnership, Edward P. deZevallos, PSP, and Christopher L. deZevallos, PSP ("ZED"). own two tracts of land, totaling approximately 169 acres within the District. Samuel Waimun Shum ("Shum") owns approximately 48 acres of land within the District. No development has occurred to date on any of these tracts.

No landowner, developer or any of their respective affiliates, is obligated to pay any principal of or interest on the Bonds. See "THE DEVELOPERS AND PRINCIPAL PROPERTY OWNERS."

Homebuilders........................ Chesmar Homes is building homes in the District which range in sales price from approximately $292,990 to $365,990. Historymaker Homes is also building homes in the District which range in sales price from approximately $271,990 to $232,990. See "THE DISTRICT—Homebuilding."

Status of Development.................. Development in the District currently consists of the subdivision Trails at Seabourne Parke, Sections One through Four, and Seabourne Landing, Sections One and Two totaling 601 completed single-family residential lots on approximately 146 acres. As of January 1, 2022, there were 586 homes completed or under construction and 15 developed lots available for home construction. In addition, water, sewer and drainage facilities to serve Seabourne Landing, Section Three are currently under construction (81 lots on approximately 19 acres) and are expected to be complete by the end of the first quarter of 2022.

There are approximately 211 acres in the District remaining to be developed and approximately 18 acres of land in the District that are not developable, including a drainage channel and drainage easement. See "THE DISTRICT—Land Use—Status of Development."

THE FINANCING

The Issuer .... Fort Bend County Municipal Utility District No. 147, a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."

The Issue .... $3,500,000 Unlimited Tax Bonds, Series 2022 (the "Bonds") are issued pursuant to an order (the "Bond Order") of the District's Board of Directors and are authorized pursuant to the election held within the District. See "THE BONDS—Authority for Issuance." The Bonds will be issued as fully registered bonds maturing serially on September 1 in each of the years 2023 through 2027, both inclusive, and as term bonds on September 1 in each of the years 2029, 2033, 2035, 2042, and 2046 (the "Term Bonds") and in the amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from 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 prior redemption. See "THE BONDS."

Redemption .... The Bonds maturing on and after September 1, 2028, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2027, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS."

Book-Entry Only System .... The Depository Trust Company (defined as "DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully- registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "THE BONDS—Book-Entry-Only System."

Source of Payment .... The Bonds are payable from an annual ad valorem tax upon all taxable property within the District, which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City of Rosenberg or any other political subdivision or agency. See "THE BONDS—Source of and Security for Payment" and "TAXING PROCEDURES."

Use of Proceeds .... Proceeds of the Bonds will be used to reimburse the Developers for the construction costs shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to pay engineering fees and administrative costs and certain other costs related to the issuance of the Bonds.

Authority for Issuance..................... The Bonds are the third series of bonds issued out of $45,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of purchasing and constructing water, wastewater and/or storm drainage facilities at an election held on November 3, 2015. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order, an Order of the TCEQ, Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas, including but not by way of limitation, Chapters 49 and 54 of the Texas Water Code, as amended. See "THE BONDS—Authority for Issuance."

Payment Record.............................. The District has previously issued two series of unlimited tax bonds, of which $7,225,000 principal amount is outstanding as of January 1, 2022 (the "Outstanding Bonds"). The District has not defaulted in the payment of principal and interest on the Outstanding Bonds.

Qualified Tax-Exempt Obligations .... The Bonds have been designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

Municipal Bond Rating and Municipal Bond Insurance.......... S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), has assigned its municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer"). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See "RISK FACTORS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

Bond Counsel .... Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See "MANAGEMENT," "LEGAL MATTERS," and "TAX MATTERS."

Disclosure Counsel....................... McCall, Parkhurst & Horton L.L.P., Houston, Texas.

Financial Advisor .... Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT."

Paying Agent/Registrar .... Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas.

Risk Factors .... The purchase and ownership of the Bonds are subject to special risk factors and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned "RISK FACTORS."

SELECTED FINANCIAL INFORMATION

2021 Certified Taxable Assessed Valuation	$94,968,129 (a)
Estimated Taxable Assessed Valuation as of January 1, 2022	$110,766,073 (b)
Gross Debt Outstanding (after the issuance of the Bonds)	$10,725,000
Estimated Overlapping Debt	9,035,966 (c)
Gross Direct Debt and Estimated Overlapping Debt	$19,760,966
Ratios of Gross Debt to:	
2021 Certified Taxable Assessed Valuation	11.29%
Estimated Taxable Assessed Valuation as of January 1, 2022	9.68%
Ratios of Gross Debt and Estimated Overlapping Debt to:	
2021 Certified Taxable Assessed Valuation	20.81%
Estimated Taxable Assessed Valuation as of January 1, 2022	17.84%
2021 Tax Rate:	
Debt Service	$0.59
Maintenance and Operations	0.36
Total	$0.95/$100 A.V.
Average percentage of total tax collections (2016-2020)	99.97%
Average Annual Debt Service Requirement (2022-2046) (“Average Annual Requirement”)	$620,382 (d)
Tax rate required to pay Average Annual Requirement based upon:	
2021 Certified Taxable Assessed Valuation at a 95% collection rate	$0.69/$100 A.V.
Estimated Taxable Assessed Valuation as of January 1, 2022 at a 95% collection rate	$0.59/$100 A.V.
Maximum Annual Debt Service Requirement (2042) (“Maximum Annual Requirement”)	$770,500 (d)
Tax rate required to pay Maximum Annual Requirement based upon:	
2021 Certified Taxable Assessed Valuation at a 95% collection rate	$0.86/$100 A.V.
Estimated Taxable Assessed Valuation as of January 1, 2022 at a 95% collection rate	$0.74/$100 A.V.
Status of Development as of January 1, 2022 (e):	
Completed and Under Construction Single Family Homes	586
Lots Available for Home Construction	15
Lots Under Construction	81
Estimated Population	2,051 (f)

(a) As certified by the Fort Bend Central Appraisal District (the “Appraisal District”). See “TAXING PROCEDURES.”

(b) As estimated by the Appraisal District as of January 1, 2022, for information purposes only. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by the District. The 2021 taxable assessed valuation provided by the Appraisal District has been updated to add the estimated value of improvements constructed from January 1, 2021 to January 1, 2022. See “TAXING PROCEDURES.”

(c) See “ESTIMATED OVERLAPPING DEBT

(d) See “DEBT SERVICE REQUIREMENTS.”

(e) See “THE DISTRICT—Status of Development.”

(f) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

$3,500,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

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

UNLIMITED TAX BONDS, SERIES 2022

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 147 (the "District") of its $3,500,000 Unlimited Tax Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission") and an election held within the District on November 3, 2015.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, the Developers (defined herein) and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1980 Post Oak Boulevard, Suite 1380, Houston, Texas, 77056.

RISK FACTORS

General

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

Infectious Disease Outlook (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.

Since such time, COVID-19 has 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 COVID-19 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 fluctuations in oil prices in the U.S. and globally since early 2020, 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 or homebuilding activity within the District. The District is located near the Houston area's energy corridor, where a number of oil and gas firms are based. Due to its proximity to such businesses, it is possible that a downturn in the oil and gas industry could affect the demand for housing in 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.

Extreme Weather Events; Hurricane Harvey

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

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the Engineer (as hereinafter defined), there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, the District's system did not sustain any material damage from Hurricane Harvey. Further, to the best knowledge of the District, no homes within the District experienced structural flooding as a result of Hurricane Harvey.

The District cannot predict the effect that additional extreme weather events may have upon the District and the Houston area. Additional extreme weather events have the potential to cause damage within the District and across the Houston area generally that could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region. 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.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Economic Factors and Interest Rates

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

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 32 miles from 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 and the nation could adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base or reduce it from current levels.

Competition

The demand for and construction of single-family homes in the District, which is approximately 32 miles from the central downtown business district of the City of Houston, could be affected by competition from other residential developments including other residential developments located in the western portion of the Houston metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of Chesmar and Historymaker Homes in the construction of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and marketing programs in the District by Chesmar and/or Historymaker Homes will be implemented or, if implemented, will be successful.

Landowner Obligation to the District

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

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2021 Certified Taxable Assessed Valuation of the District (see "FINANCIAL STATEMENT") is $94,968,129. After issuance of the Bonds, the maximum annual debt service requirement will be $770,500 (2042) and the average annual debt service requirement will be $620,382 (2022-2046). Assuming no increase or decrease from the 2021 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.86 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $770,500 and a tax rate of $0.69 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $620,382. See "DEBT SERVICE REQUIREMENTS." The District's Estimated Taxable Assessed Valuation as of January 1, 2022, is $110,766,073, which reduces the above calculations to a tax rate of $0.74 to pay the maximum debt service requirement on the Bonds and a tax rate of $0.59 to pay the average debt service requirement on the Bonds.

No representation or suggestion is made that the estimated values of land and improvements provided by the Appraisal District (defined herein) in the Estimated Taxable Assessed Valuation as of January 1, 2022, for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Undeveloped Acreage and Vacant Lots

There are currently approximately 211 acres of developable land within the District that has not been provided with water, sanitary sewer, storm sewer, road and other facilities necessary for the construction of taxable improvements. There are 15 vacant developed lots. The District makes no representation that the building program will be successful. See "THE DISTRICT—Land Use—Status of Development."

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $45,000,000 principal amount of unlimited tax bonds for purchasing and constructing water, sewer and drainage facilities and $542,000 principal amount of unlimited tax bonds for purchasing and constructing park and recreational facilities has been authorized by voters in the District. The District has also authorized $67,500,000 in the principal amount of unlimited tax bonds for refunding outstanding water, sewer, and drainage facility bonds. After issuance of the Bonds, $33,855,000 principal amount of unlimited tax bonds will remain authorized but unissued for purchasing and constructing water, sewer and drainage facilities and all of the authorized amount for refunding such bonds and all of the authorized bonds for purchasing and constructing park and recreational facilities will remain authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional bonds or obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

As of December 31, 2021, the Developers have expended approximately $7,671,635 for design, construction, engineering and acquisition of District water, sewer, and drainage facilities. After the issuance of the Bonds, the amount owed to the Developers will be approximately $4,556,806. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds (except for refunding bonds) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increase in taxable value in the District. See "THE BONDS—Issuance of Additional Debt." Issuance of additional bonds could dilute the investment security for the Bonds.

Tax Collection Limitations

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

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, if it fails to make payments into any fund or funds created in the Bond Order, or if it defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners (defined herein) have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default, and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by 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 to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay, or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable 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. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such 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 a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

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

Marketability

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

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 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 nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. 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.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Initial Purchaser has entered into an agreement with ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P. See "MUNICIPAL BOND INSURANCE."

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

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

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

THE BONDS

General

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order of the Board authorizing the issuance and sale of the Bonds. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated March 1, 2022 and accrue interest from the Date of Delivery, and are payable on each September 1 and March 1 commencing September 1, 2022 until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years and accrue interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in $5,000 denominations or integral multiples thereof.

In the event the Book-Entry-Only System (defined below) is discontinued and physical bond certificates issued, interest on the Bonds will be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar (as defined on the cover page) to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

The information in this section concerning DTC (defined below) and DTC's book-entry system (the "Book-Entry-Only System") has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, Direct Participants or Indirect Participants (both defined herein) will distribute to the Beneficial Owners (defined herein) (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis or that DTC, Direct Participants or Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with Direct Participants is 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 bond certificate will be issued for each maturity of the Bonds, 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," together with a Direct Participant, the "Participants"). DTC has a rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the trustee on behalf thereof) as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy). Principal, premium, if any, interest payments and redemption proceeds 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 Paying Agent, 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, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds 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, 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. 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.

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Authority for Issuance

At a bond election held within the District on November 3, 2015, voters of the District authorized the issuance of $45,000,000 principal amount of unlimited tax bonds for purchasing and constructing water, sewer and drainage facilities and refunding of such bonds, and the Bonds are being issued pursuant to such authorization. The District has previously issued two series of unlimited tax bonds, of which $7,225,000 principal amount remains outstanding as of January 1, 2022 (the "Outstanding Bonds"). The Bonds represent the third issuance of bonds from such authorization. See "Issuance of Additional Debt" herein.

The TCEQ approved the sale of the Bonds subject to certain restrictions, including the use of Bond proceeds as summarized in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are issued by the District pursuant to an Order of the TCEQ, the terms and conditions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and an election held within the District on November 3, 2015.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT.

Source of and Security for Payment

The Bonds (together with the Outstanding Bonds and any additional unlimited tax or combination unlimited tax and revenue bonds as may hereafter be issued) are payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy annually a tax sufficient in amount to pay principal of and interest on the Bonds, full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's "Debt Service Fund" and used solely to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which may be issued. See "Issuance of Additional Debt."

Funds

In the Bond Order, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Order shall be deposited, as collected, in such fund.

The proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the District's Capital Projects Fund, to pay the costs of acquiring or constructing District facilities and for paying the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then 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 in the Bond Order 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.

Record Date

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

Redemption Provisions

Optional Redemption: The Bonds maturing on and after September 1, 2028 are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2027, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

Mandatory Redemption: The Bonds due on September 1 in each of the years 2029, 2033, 2035, 2042 and 2046 (the "Term Bonds") are also subject to mandatory sinking fund redemption by the District by lot or other customary random method prior to scheduled maturity on September 1 in the years ("Mandatory Redemption Dates") and in the amounts set forth below, subject to proportionate reduction at a redemption price of par plus accrued interest to the date of redemption:

$220,000 Term Bonds Due September 1, 2029

Mandatory Redemption Date	Principal Amount
2028	$ 110,000
2029 (maturity)	110,000

$490,000 Term Bonds Due September 1, 2033

Mandatory Redemption Date	Principal Amount
2030	$ 115,000
2031	120,000
2032	125,000
2033 (maturity)	130,000

$280,000 Term Bonds Due September 1, 2035

Mandatory Redemption Date	Principal Amount
2034	$ 135,000
2035 (maturity)	145,000

$1,185,000 Term Bonds Due September 1, 2042

Mandatory Redemption Date	Principal Amount
2036	$ 150,000
2037	155,000
2038	160,000
2039	170,000
2040	175,000
2041	185,000
2042 (maturity)	190,000

$850,000 Term Bonds Due September 1, 2046

Mandatory Redemption Date	Principal Amount
2043	$ 200,000
2044	210,000
2045	215,000
2046 (maturity)	225,000

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

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written 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 Register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed Zions Bancorporation, National Association, Amegy Bank Division, having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "THE BONDS—Book-Entry-Only System."

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office in Houston, Texas and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Order. While the Bonds are in the Book- Entry-Only system, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "THE BONDS—Book-Entry-Only System."

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. At an election held within the District on November 3, 2015, the District's voters authorized the issuance of $45,000,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water, sewer and drainage facilities, and after issuance of the Bonds, the District will have $33,855,000 principal amount remaining of unlimited tax bonds authorized but unissued for purchasing and constructing water, sewer and drainage facilities. The District has also authorized $67,500,000 principal amount of unlimited tax bonds for refunding outstanding bonds issued for water, sewer and drainage facilities, all of which remain authorized but unissued. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District is authorized by statute to develop parks and recreational facilities, including issuing bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing city ordinances specifying the purposes for which the District may issue bonds; (b) preparation of a detailed park plan; (c) authorization of park bonds by the qualified voters in the District; (d) approval of the park projects and bonds by the Commission; and (e) 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 (1%) 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 (1%) but not three percent (3%) of the value of the taxable property in the District. At an election held within the District on September 11, 2004, voters of the District authorized a total of $542,000 principal amount of unlimited tax bonds for purchasing and constructing park and recreational facilities, all of which remains authorized but unissued.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue such bonds, the District would be required to obtain authorization from the District's voters to issue such bonds and approval of the bonds by the Attorney General of Texas. The District has not considered calling such an election at this time.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount that may ultimately be issued by the District. The issuance of additional bonds and levy of taxes in connection therewith may dilute the security for the Bonds.

Dissolution

Under existing Texas law, since the District lies wholly within the corporate limits of the City, the District may be dissolved by the City, without the District's consent, subject to compliance by the City with Chapter 43 of the Texas Local Government Code, as amended. The Utility Agreement (as herein defined) between the City and the District places certain restrictions on the City's right to dissolve the District. See "THE DISTRICT—Utility Agreement with the City" and "—Dissolution of the District." If the District is dissolved, the City must assume the District's assets and obligations (including the Bonds) and abolish the District. Dissolution of the District by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever dissolve the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should dissolution 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 the 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.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. 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. In the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by 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 to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "RISK FACTORS—Registered Owners' Remedies and Bankruptcy Limitations."

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 might 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 Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) 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 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 Registered 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.

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Pape-Dawson Engineers, Inc., the District's engineer (the "Engineer"), and were submitted to the TCEQ in the District's Bond Application. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Masterson Advisors, LLC (the "Financial Advisor"). Of proceeds to be received from sale of the Bonds, $2,664,829 is estimated for construction costs, and $835,171 is estimated for non-construction costs.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the event actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

CONSTRUCTION COSTS	
Water, Wastewater and Drainage Facilities to Serve:	
1) Trails at Seabourne Parke, Section Three……….	$ 325,993
2) Trails at Seabourne Parke, Section Four…………	731,161
3) Seabourne Landing, Section One……………….	540,510
Detention Phase I - Seabourne Landing……………………….	692,684
Engineering………………………………………………………	374,481
TOTAL CONSTRUCTION COST………………………………	**$ 2,664,829**
NON-CONSTRUCTION COSTS	
Legal Fees……………………………………………………….	$ 102,500
Financial Advisor Fees………………………………………	68,750
Developer Interest (Estimated)……………………………….	456,395
Bond Discount (a)……………………………………………	63,143
Bond Issuance Expenses……………………………………	45,276
TCEQ Bond Issuance Fee (0.25%)……………………………	8,750
Bond Application Report Cost………………………………	45,000
Attorney General Fee (0.1%)…………………………………	3,500
Contingency (a)………………………………………………	41,857
Total Non-Construction Costs……………………………….	**$ 835,171**
TOTAL BOND ISSUE………………………………………	**$ 3,500,000**

(a) Contingency represents surplus funds resulting from the sale of the Bonds at a lower bond discount than estimated and can be used for purposes allowed and approved by the TCEQ.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, effective July 9, 2004, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District is subject to the continuing supervisory jurisdiction of the TCEQ. The District is comprised of approximately 394 acres of land, all of which are within the corporate limits of the City of Rosenberg.

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 parks and recreational facilities.

The District is required to observe certain requirements of the City of Rosenberg which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities 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 Rosenberg of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Rosenberg and filed in the real property records of Fort Bend County. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “THE SYSTEM.”

Description and Location

The District is located in Fort Bend County approximately 32 miles west of the central downtown business district of the City of Houston and approximately 3 miles south of the downtown business district of the City of Rosenberg. The District lies wholly within the city limits of the City of Rosenberg and within the boundaries of Lamar Consolidated Independent School District. The District is directly south of and adjacent to J. Meyer Road; approximately 1.5 miles south of US Highway 59/Interstate 69; approximately 0.5 miles east of State Highway 36; and approximately 0.5 miles west of FM 2218. See “AERIAL LOCATION MAP.”

Land Use

Single-Family Residential	Approximate Acres	Lots
Trails at Seabourne Parke, Section 1	30	140
Trails at Seabourne Parke, Section 2	23	108
Trails at Seabourne Parke, Section 3	23	97
Trails at Seabourne Parke, Section 4	18	103
Seabourne Landing, Section 1	24	83
Seabourne Landing, Section 2	28	70
Seabourne Landing, Section 3 (a)	19	81
Subtotal	165	682
Future Development	211	---
Undevelopable (b)	18	---
	394	682

(a) Utilities are currently under construction and expected to be completed by the first quarter of 2022.
(b) Includes public rights-of-way, detention, open spaces, drainage channel and a drainage easement, recreation and utility sites.

Status of Development

Development within the District currently includes the residential subdivisions shown above under “Land Use”. As of January 1, 2022, there were 586 homes either complete or under construction in the District, and 15 lots available for home construction. The estimated population in the District is 2,051, based upon 3.5 persons per occupied single-family residence. In addition, water, sewer and drainage facilities to serve Seabourne Landing, Section Three are currently under construction (81 lots on 19 acres) and are expected to be complete by the end of the first quarter of 2022.

Homebuilding

Chesmar Homes is currently building homes in the District that range in sales price from approximately $292,990 to $365,990. Historymaker Homes is also building homes in the District which range in sales price from approximately $271,990 to $232,990.

Undeveloped Acreage

There are approximately 211 additional acres that remain to be developed and approximately 18 acres that are used for public rights-of-way, detention, open spaces, recreation areas, drainage, a drainage easement, plant sites or are undevelopable.

Utility Agreement with the City

The District has contracted with the City of Rosenberg, Texas ("City"), for water supply and wastewater services pursuant to that certain Second Amended and Restated Water Supply and Wastewater Services Contract between the City of Rosenberg, Texas, and the District, dated as of September 18, 2018 (the "Utility Agreement").

Pursuant to the Utility Agreement, the District is responsible for acquiring and constructing for the benefit of, and for ultimate conveyance to, the City, water distribution, wastewater collection and drainage facilities to serve development occurring within the System, and the City agrees to provide water supply services and wastewater services to the District in consideration of the District's financing, acquisition, and construction of the System. Under the terms of the Utility Agreement, the District is deemed to be the alter ego of the City and as such the District agrees to act as the alter ego of the City for purposes of financing, constructing and acquiring the System and agrees to perform the duties and functions necessary to provide services to the landowners and customers of the District.

The System: The Utility Agreement provides that the System shall be designed and constructed in accordance with the City's requirements and criteria. The City agrees to provide the District with its ultimate requirements for water supply capacity and major offsite water distribution lines to the water source and wastewater treatment capacity and major offsite wastewater trunk collection line capacity to the wastewater treatment plant.

Authority of District to Issue Bonds: The District has the authority to issue, sell, and deliver bonds as permitted by law and the City's "Procedures for the Creation of In-City Municipal Utility Districts." Bonds issued by the District are obligations solely of the District and shall not be construed to be obligations or indebtedness of the City.

Ownership, Operation, and Maintenance of the System: Upon completion of construction of the System, the District agrees to convey the System (other than storm water detention systems as discussed below) to the City, reserving for itself a security interest in the System for the purpose of securing the performance of the City under the Utility Agreement. Pursuant to the terms of the Utility Agreement, storm water detention ponds and systems are to be operated and maintained by the homeowners' associations(s) within the District, although the District retains title to same. The District is currently maintaining these facilities. When all bonds issued by the District to acquire and construct the System have been issued and subsequently paid or redeemed and discharged in full, the District agrees to execute a release of the security interest retained by the District and the City shall own the System without encumbrance. As each phase of the System is completed, the City agrees to inspect the same and upon approval will accept the System for operation and maintenance. The System will be operated and maintained by the City at its sole cost and expense. If the City determines that the System or any portion thereof have not been constructed in accordance with approved plans and specifications prior to accepting such System, the City agrees to notify the District, and the District shall immediately correct any deficiency noted by the City.

Rates for Service: The City agrees to bill and collect from residents of the District such rates and charges for such customers as the City, in its sole discretion, determines are necessary, provided that the rates and charges will be equal and uniform to those charged to other similar users within the City. The City may impose a charge for connection to the water supply portion of the System at a rate determined by the City so long as that charge is equal to sums charged to other comparable users within the City.

Annual Payment: The City has agreed to make an annual payment (herein the "Annual Payment") to the District equal to the percentage of the City's ad valorem tax rate (per $100) attributable to drainage facilities, multiplied by the assessed taxable value of the District in accordance with a formula set forth in the Utility Agreement. The Annual Payment is due and payable each February 1. The District received $3,599 in an annual payment during the fiscal year ended July 31, 2021.

Dissolution of District

The City has the right to abolish and dissolve the District and to acquire the District's assets and assume the District's obligations in accordance with state law. The Utility Agreement provides, however, that the District shall not be abolished until (1) the Developer has fully developed 90% of its developable acreage within the District; (2) the remaining 10% developable acreage owned by the Developer has had water, sewer and drainage facilities installed that are necessary to serve the area; and (3) the Developer has been fully reimbursed by the District, in accordance with TCEQ rules for all the Developer's eligible development and construction costs.

THE DEVELOPERS AND PRINCIPAL PROPERTY OWNERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. A developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Neither of the Developers, nor any of their affiliates, are obligated to pay principal of or interest on the Bonds. Furthermore, the Developers do not have a binding commitment to the District to carry out any plan of development and the Developers may sell or otherwise dispose of its property within the District, or any other assets, at any time, and the furnishing of information relating to the proposed development by the Developers should not be interpreted as such a commitment. Prospective Bond purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District. See “RISK FACTORS.”

Prospective Bond purchasers should note that any prior real estate experience discussed below of the Developers should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. See “RISK FACTORS.”

LGI Homes-Texas, LLC

LGI Homes-Texas, LLC (“LGI”), a Texas limited liability company, has developed the Trails at Seabourne Parke, Sections Two through Four, consisting of 308 lots on approximately 64 acres of land. LGI is a special purpose entity created solely for the purpose of developing land in projects located in Texas. LGI owns no remaining developable land within the District.

Josh-Mara Development, LLC / Chesmar Homes LLC

Josh-Mara Development, LLC, a Texas limited liability company (“Josh-Mara”), has developed Seabourne Landing, Section One consisting of 83 lots on approximately 24 acres and Seabourne Landing Section Two consisting of 70 lots on approximately 28 acres of land for Chesmar Homes, LLC, a Texas limited liability company (“Chesmar”). Josh-Mara is currently developing Seabourne Landing, Section Three consisting of 81 lots on approximately 19 acres of land, which completion is anticipated by the end of the first quarter of 2022.

ZED Partners, LTD.

ZED Partners, LTD, a Texas limited partnership, Edward P. deZevallos, PSP, and Christopher L. deZevallos, PSP, (collectively, “ZED”) own two tracts of land, totaling approximately 169 acres, within the District. No development on such tracts has occurred to date.

Samuel Waimun Shum

Samuel Waimun Shum (“Shum”) owns approximately 48 acres of land within the District. No development on such tract has occurred to date.

MANAGEMENT

Board of Directors

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

Name	Title	Term Expires
Julie Cuenod	President	May 2024
Charles Emmott	Vice President	May 2024
Greg Christmann	Secretary	May 2022
Danna Sivan	Assistant Secretary	May 2022
Julie Sirey	Assistant Secretary	May 2024

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District were appraised for ad valorem taxation purposes by the Appraisal District. The District's Tax Assessor/Collector is appointed by the Board of Directors of the District. Tax Tech, Inc. is currently serving in this capacity for the District.

Bookkeeper

The District has engaged L&S District Services, LLC to serve as the District's bookkeeper.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's System is Pape-Dawson Engineers, Inc. (the "Engineer").

Utility System Operator

The City of Rosenberg owns, operates and maintains the water and wastewater system which serves the District.

Attorney

The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 on the sale and delivery of the Bonds.

Financial Advisor

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fees to be 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, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Disclosure Counsel

The District has engaged McCall, Parkhurst & Horton, L.L.P., Houston, Texas as disclosure counsel. The fees paid to disclosure counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the Commission. The District's financial statements for the fiscal year ending July 31, 2021, have been audited by the independent accounting firm of Mark C. Eyring, CPA, PLLC. See "APPENDIX A" for a copy of the District's audited financial statements. The District has engaged Mark C. Eyring, CPA, PLLC to audit its financial statements for the fiscal year ending July 31, 2022.

THE SYSTEM

Regulation

According to the Engineer, the District's System has been designed in accordance with accepted engineering practices and the then current requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Fort Bend County and, in some instances, the Commission. Fort Bend County, the City of Rosenberg, and the Texas Department of Health also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. The following descriptions are based upon information supplied by the District's Engineer.

Water Distribution and Sanitary Sewer Collection and Drainage System

The System includes water, sanitary sewer and drainage facilities to serve the subdivisions described under the section "THE DISTRICT—Land Use."

Water Supply

The District's residents receive potable water from the City of Rosenberg's water distribution system as outlined in the Utility Agreement. The District does not have wells or water plant facilities of its own. The City has allocated 1,477 equivalent single-family connections ("esfc") of capacity to serve the District's ultimate water supply requirements. See "THE DISTRICT—Utility Agreement with the City."

Wastewater Treatment Facilities

The District's residents are served by a City of Rosenberg Wastewater Treatment Plant as outlined in the Utility Agreement. The District does not have wastewater treatment plant facilities of its own. The City has allocated 1,477 esfc to serve the District's ultimate wastewater treatment requirements. See "THE DISTRICT—Utility Agreement with the City."

Storm-Water Drainage Facilities

The District is located within the Brazos River watershed. Prior to development, surface drainage was accomplished by overland flow and natural ditches that outfall into Seabourne Creek along the eastern boundary of the property. Surface drainage is now accomplished by storm sewers and a man-made channel that outfalls into Seabourne Creek. Detention is provided by a detention pond located outside of the District's boundary and is hydraulically connected to Seabourne Creek.

Ownership, Operation and Maintenance of Facilities

The City of Rosenberg owns, operates, and maintains all water and sanitary sewer facilities within the District in accordance with the Utility Agreement. See "THE DISTRICT—Utility Agreement with the City". The District owns and maintains the channel and the detention pond.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a 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 no 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 past several years. The District's drainage system has been designed and constructed to all current standards. According to the Engineer, none of the developable acreage within the District is located within the 100-year flood plain. See "RISK FACTORS—Extreme Weather Events; Hurricane Harvey."

National Weather Service Atlas 14 Rainfall Study

In 2018, the National Weather Service 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 upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties within the District. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain.

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FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2021 Certified Taxable Assessed Valuation	$94,968,129	(a)
Estimated Taxable Assessed Valuation as of January 1, 2022	$110,766,073	(b)
Gross Debt Outstanding (after the issuance of the Bonds)	$10,725,000	
Estimated Overlapping Debt	9,035,966	(c)
Gross Direct Debt and Estimated Overlapping Debt	$19,760,966	
Ratios of Gross Debt to:		
2021 Certified Taxable Assessed Valuation	11.29%	
Estimated Taxable Assessed Valuation as of January 1, 2022	9.68%	
Ratios of Gross Debt and Estimated Overlapping Debt to:		
2021 Certified Taxable Assessed Valuation	20.81%	
Estimated Taxable Assessed Valuation as of January 1, 2022	17.84%	

Area of District — 394 acres
Estimated 2022 Population — 2,051 (d)

(a) As certified by the Appraisal District (defined herein). See "TAXING PROCEDURES."
(b) As estimated by the Appraisal District as of January 1, 2022 for information purposes only. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by the District. The 2021 taxable assessed valuation provided by the Appraisal District has been updated to add the estimated value of improvements constructed from January 1, 2021 to January 1, 2022. See "TAXING PROCEDURES."
(c) See "ESTIMATED OVERLAPPING DEBT."
(d) Estimate based on 3.5 persons per occupied single-family connection.

Cash and Investment Balances (unaudited as of January 25, 2022)

General Fund	Cash and Temporary Investments	$870,809	
Construction Fund	Cash and Temporary Investments	$3	
Debt Service Fund	Cash and Temporary Investments	$447,599	(a)

(a) Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Debt Service Fund.

District Investment Policy

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

Outstanding Bonds (as of January 1, 2022)

Series	Original Principal Amount	Outstanding Bonds (as of 1/1/22)
Unlimited Tax Bonds, Series 2018	$ 5,080,000	$ 4,720,000
Unlimited Tax Bonds, Series 2019	2,565,000	2,505,000
Total	$ 7,645,000	$ 7,225,000

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Fort Bend County………………………………….	$ 631,658,234	11/30/2021	0.12%	$ 757,990
Fort Bend County Drainage District…………….	25,405,000	11/30/2021	0.12%	30,486
City of Rosenberg……………............................	50,898,000	11/30/2021	2.95%	1,501,491
Lamar CISD………………………..........................	1,322,745,000	11/30/2021	0.51%	6,746,000
Total Estimated Overlapping Debt…………….				$ 9,035,966
Direct Debt……………………………………	10,725,000 (a)	Current	100.00%	10,725,000
Total Direct and Estimated Overlapping Debt…				$ 19,760,966

Ratio of Estimated Direct and Overlapping Debt to 2021 Certified Taxable Assessed Valuation………………………………	20.81%
Ratio of Estimated Direct and Overlapping Debt to Estimate of Taxable Assessed Valuation as of January 1, 2022……….	17.84%

(a) Includes the Outstanding Bonds and the Bonds.

Overlapping Tax Rates for 2021

	2021 Tax Rate per $100 of Taxable Assessed Valuation
Fort Bend County(a)……………………………	$ 0.45280
Lamar CISD…………………………………….	1.24200
City of Rosenberg………………………………	0.38000
Total Overlapping Tax Rate………………	$ 2.07480
The District…………………………………….	$ 0.95000
Total Tax Rate……………………………….	$ 3.02480

(a) Includes Fort Bend County Drainage District.

DISTRICT OPERATIONS

General

The Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District.

The following statement sets forth in condensed form the District's "General Fund" operating statement as derived from the District's audited financial statements for the fiscal years ended 2017 through 2021. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and more complete information.

	Fiscal Year Ended July 31				
	2021	2020	2019	2018	2017
Revenues					
Property Taxes	$ 302,528	$ 250,835	$ 338,018	$ 461,976	$ 201,539
Penalty and Interest	-	-	-	2,072	1,572
Tax Rebate from the City of Rosenberg	-	-	-	4,655	2,910
Interest on Deposits	1,499	11,903	13,743	5,587	870
Total Revenues	$ 304,027	$ 262,738	$ 351,761	$ 474,290	$ 206,891
Expenditures					
Professional Fees	$ 58,695	$ 111,817	$ 76,890	$ 71,324	$ 55,040
Contracted Services	10,062	9,893	9,927	16,520	13,525
Repairs & Maintenance	98,622	93,710	76,702	128,066	19,850
Capital Outlay	-	13,776	-	-	-
Other	7,169	7,941	5,622	9,689	9,355
Total Expenditures	$ 174,548	$ 237,137	$ 169,141	$ 225,599	$ 97,770
Revenues Over (Under) Expenditures	$ 129,479	$ 25,601	$ 182,620	$ 248,691	$ 109,121
Other Sources (Uses)					
Interfund Transfers In (Out)	$ -	$ -	$ (6,532)	$ -	$ -
Total Other Financing Sources	$ -	$ -	$ (6,532)	$ -	$ -
Fund Balance (Beginning of Year)	$ 854,809	$ 829,208	$ 653,120	$ 404,429	$ 295,308
Fund Balance (End of Year)	$ 984,288	$ 854,809	$ 829,208	$ 653,120	$ 404,429

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2022	$ 438,183		$ 44,333	$ 44,333	$ 482,516
2023	446,358	$ 85,000	105,000	190,000	636,358
2024	444,008	90,000	102,450	192,450	636,458
2025	451,683	95,000	99,750	194,750	646,433
2026	454,033	100,000	96,900	196,900	650,933
2027	462,473	105,000	93,900	198,900	661,373
2028	465,333	110,000	90,750	200,750	666,083
2029	467,645	110,000	87,450	197,450	665,095
2030	474,330	115,000	84,150	199,150	673,480
2031	480,249	120,000	80,700	200,700	680,949
2032	485,369	125,000	77,100	202,100	687,469
2033	489,765	130,000	73,350	203,350	693,115
2034	493,553	135,000	69,450	204,450	698,003
2035	506,695	145,000	65,400	210,400	717,095
2036	508,883	150,000	61,050	211,050	719,933
2037	515,395	155,000	56,550	211,550	726,945
2038	521,201	160,000	51,900	211,900	733,101
2039	530,764	170,000	47,100	217,100	747,864
2040	534,445	175,000	42,000	217,000	751,445
2041	542,315	185,000	36,750	221,750	764,065
2042	549,300	190,000	31,200	221,200	770,500
2043	185,400	200,000	25,500	225,500	410,900
2044	-	210,000	19,500	229,500	229,500
2045	-	215,000	13,200	228,200	228,200
2046	-	225,000	6,750	231,750	231,750
Total	$ 10,447,375	$ 3,500,000	$ 1,562,183	$ 5,062,183	$ 15,509,558

Average Annual Debt Service Requirements (2022-2046) $620,382
Maximum Annual Debt Service Requirements (2042) $770,500

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "Historical Tax Rate Distribution" and "Tax Roll Information" below, and "TAXING PROCEDURES."

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District's improvements, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted on September 11, 2004 and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 appraised valuation for maintenance and operation of water, sewer, drainage and $0.10 for maintenance and operation of park/recreational facilities. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above."

Tax Exemptions

As discussed in the section titled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For tax year 2022, the District has granted a $10,000 exemption for persons age 65 or older or for disabled persons. The Developer has executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions, or any other type of exemption or valuation, for the property it owns within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District.

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).
Maintenance and Operations: $1.50 per $100 taxable assessed valuation.
Maintenance of Park and Recreational Facilities: $0.10 per $100 taxable assessed valuation.

Tax Rate Distribution

	2021	2020	2019	2018	2017
Debt Service	$ 0.59	$ 0.59	$ 0.64	$ 0.45	$ -
Maintenance and Operations	0.36	0.36	0.31	0.50	0.95
Total	$ 0.95	$ 0.95	$ 0.95	$ 0.95	$ 0.95

Additional Penalties

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established 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 Property Tax Code.

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records and statements for further and more complete information. Differences in totals from others shown in this Official Statement are due to differences in dates of the data.

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections (a) as of December 31, 2021 Amount	Percent
2016	$ 21,166,840	$ 0.95	$ 201,085	$ 201,033	99.97%
2017	48,992,802	0.95	465,432	465,379	99.99%
2018	67,004,664	0.95	636,544	636,492	99.99%
2019	81,166,100	0.95	771,078	770,746	99.96%
2020	82,938,584	0.95	787,917	787,516	99.95%
2021	94,805,205	0.95	900,649	(b)	(b)

(a) Unaudited.
(b) In the process of collection. 2021 tax bills are due by January 31, 2022.

Principal Taxpayers

The following list of principal taxpayers was provided by the District's tax assessor/collector based upon the 2021 certified tax roll which reflects ownership as of January 1, 2021, as shown on the 2021 Certified Taxable Assessed Valuation. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of January 1, 2022 is not available from the Appraisal District.

Taxpayer	Type of Property	2021 Certified Taxable Assessed Valuation	% of 2021 Certified Taxable Assessed Valuation
HMH Lifestyles LP (a)	Land, Improvements & Personal	$ 1,504,760	1.58%
Chesmar Homes LLC (a)(b)	Land	1,385,308	1.46%
Progress Houston LLC	Land & Improvements	640,880	0.67%
ZED Partners Ltd. (b)	Land & Improvements	495,130	0.52%
Centerpoint Energy Electric	Personal	474,270	0.50%
SFR JV-1 2019-1 Borrower LLC	Land & Improvements	396,220	0.42%
Progress Residential Borrower 17 LLC	Land & Improvements	363,920	0.38%
Individual	Land & Improvements	358,800	0.38%
FKH SFR Propco B-HLD LP	Land & Improvements	346,130	0.36%
Individual	Land & Improvements	321,940	0.34%
Total		$ 6,287,358	6.62%

(a) HMH Lifestyles LP is building homes under the name Historymaker Homes. See "THE DISTRICT-Homebuilding."
(b) See "THE DEVELOPERS AND PRINCIPAL PROPERTY OWNERS."

Summary of Assessed Valuation

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation". The following represents the composition of property comprising the 2017 through 2021 Certified Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Differences in values shown throughout due to timing of reports. A breakdown of the Estimated Taxable Assessed Valuation as of January 1, 2022 is not available.

	2021	2020	2019	2018	2017
Land	$ 18,689,470	$ 13,766,470	$ 12,912,620	$ 10,007,190	$ 8,777,605
Improvements	78,811,390	69,999,130	69,043,310	57,427,800	40,317,500
Personal Property	848,430	654,860	541,060	600,795	451,925
Exemptions	(3,381,161)	(1,441,419)	(1,330,890)	(1,031,121)	(554,228)
Total	$ 94,968,129	$ 82,979,041	$ 81,166,100	$ 67,004,664	$ 48,992,802

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 appraised valuation which would be required to meet average annual and maximum debt service requirements if no growth in the District's tax base occurred beyond the 2021 Certified Taxable Assessed Valuation of $94,968,129 or the Estimated Taxable Assessed Valuation as of January 1, 2022 of $110,766,073 which is subject to review and adjustment prior to certification. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Average annual debt service requirement (2022-2046)	$620,382
$0.69 tax rate on the 2021 Certified Taxable Assessed Valuation of $94,968,129 at a 95% collection rate produces	$622,516
$0.59 tax rate on the 2019 Estimated Taxable Assessed Valuation as of January 1, 2022 of $110,766,073 at a 95% collection rate produces	$620,844
Maximum annual debt service requirement (2042)	$770,500
$0.86 tax rate on the 2021 Certified Taxable Assessed Valuation of $94,968,129 at a 95% collection rate produces	$775,890
$0.74 tax rate on the 2019 Estimated Taxable Assessed Valuation as of January 1, 2022 of $110,766,073 at a 95% collection rate produces	$778,685

No representation or suggestion is made that the estimated values of land and improvements provided by the Appraisal District in the Estimated Taxable Assessed Valuation as of January 1, 2022 for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

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 Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully herein under "THE BONDS—Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA—Debt Service Tax" and "—Maintenance and Operations Tax."

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 of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board").

<u>Property Subject to Taxation by the District</u>

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; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. For tax year 2022, the District has granted a $10,000 exemption for persons age 65 or older or for disabled persons. Qualifying surviving spouses of persons 65 years of age and older would be entitled to receive an exemption equal to the exemption received by the deceased spouse. 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, of between $5,000 and $12,000 depending on the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence was donated by a charitable organization. The exemption will apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line or duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

<u>Residential Homestead Exemptions</u>: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads 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 by May 1. The District currently does not grant a homestead exemption. See "TAX DATA."

<u>Freeport Goods and Goods-in-Transit Exemptions</u> A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption, for 2011 and prior tax years, was applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. For 2012 and subsequent tax years, the exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken no official action to allow taxation of all such goods-in-transit personal property but may choose to exempt same in the future by further official action.

Tax Abatement

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

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 formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property. 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 reappraisal 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 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 formally to include such values on its appraisal roll.

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board 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 February 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. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional twenty percent (20%) penalty for collection costs of a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. 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.

Property owners affected by a disaster may pay property taxes in four equal installments following the disaster. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time they own or occupy the property as their residential homestead.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed can be classified herein as “Developing Districts.” The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by an 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 than1.08 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 a rollback 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 than1.035 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 a rollback 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 are 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 a rollback 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 on an annual basis, at the time a district sets its tax rate. For 2021, the District was designated as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2021"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

LEGAL MATTERS

Legal Opinions

Issuance of the Bonds is subject to (i) the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from a continuing, direct annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District, and (ii) the legal opinion of Bond Counsel, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The District will also furnish the opinion of Bond Counsel that will address the matters described below under "Tax Exemption." The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

In addition to serving as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge of the certifying officers, threatened against the District contesting or attacking the Bonds or the Bond Order; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the Bond Order, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

Qualified Tax-Exempt Obligations - Purchase of the Bonds by Financial Institutions

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 issuer as "qualified tax-exempt obligations" and (b) issued by 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 represents that the aggregate amount of tax-exempt obligations (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 will not designate more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2022.

Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a twenty percent (20%) disallowance of allocable interest expense.

No Material Adverse Change

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

Tax Exemption

In the opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

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

Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Premium Bonds") is greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain or decrease the amount of any loss to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. Generally, no corresponding deductions are allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the state and local tax consequences of owning Premium Bonds.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made.

The rating reflects only the view of such organization and the District makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL 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 exhibit to this Official Statement.

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

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, 2021.

Capitalization of AGM

At December 31, 2021:

- The policyholders' surplus of AGM was approximately $3,053 million.

- The contingency reserve of AGM was approximately $877 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,127 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 document 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: the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022).

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".

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets, Inc.(the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 98.1959% of the principal amount thereof which resulted in a net effective interest rate of 3.121259% as calculated pursuant to Chapter 1204 of the Texas Government Code.

The Initial Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at yields lower than the public offering yield stated on the inside cover page hereof. The initial offering yield may be changed at any time by the Initial Purchaser.

The Initial Purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchaser does not guarantee the accuracy or completeness of such information.

Prices and Marketability

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

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

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of 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.

Securities Laws

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this Official Statement the District has relied upon the following consultants:

Bond Counsel: Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under "THE BONDS," "THE DISTRICT—General," "TAXING PROCEDURES," "LEGAL MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine 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 it conducted an investigation of the affairs of the District or the Developer 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.

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT—Description and Location—Land Use—Status of Development," and "THE SYSTEM" has been provided by Pape-Dawson Engineers, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the assessed valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Tax Tech, Inc. and is included herein in reliance upon the authority of said firm as an expert in assessing and collecting taxes.

Auditor: The District's financial statements for the fiscal year ending July 31, 2021, have been audited by the independent accounting firm of Mark C. Eyring, CPA, PLLC. See "APPENDIX A" for a copy of the District's July 31, 2021, audited financial statements.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. 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 “FINANCIAL STATEMENT,” “TAX DATA,” and “DEBT SERVICE REQUIREMENTS and in “APPENDIX A.” The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2022.

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

The District's current fiscal year end is 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.

Specified Event Notices

The District will provide timely notices of certain specified 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 Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax 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 within the meaning of Rule 15c2-12 (the “Rule”); (13) consummation of a merger, consolidation , or acquisition involving the District or other obligated person within the meaning of the Rule, or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, or the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to them under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered 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 the 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 underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the 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 Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Order 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 Initial Purchaser 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

The District has complied in all material respects with all continuing disclosure agreements made by the District in accordance with the Rule.

MISCELLANEOUS

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

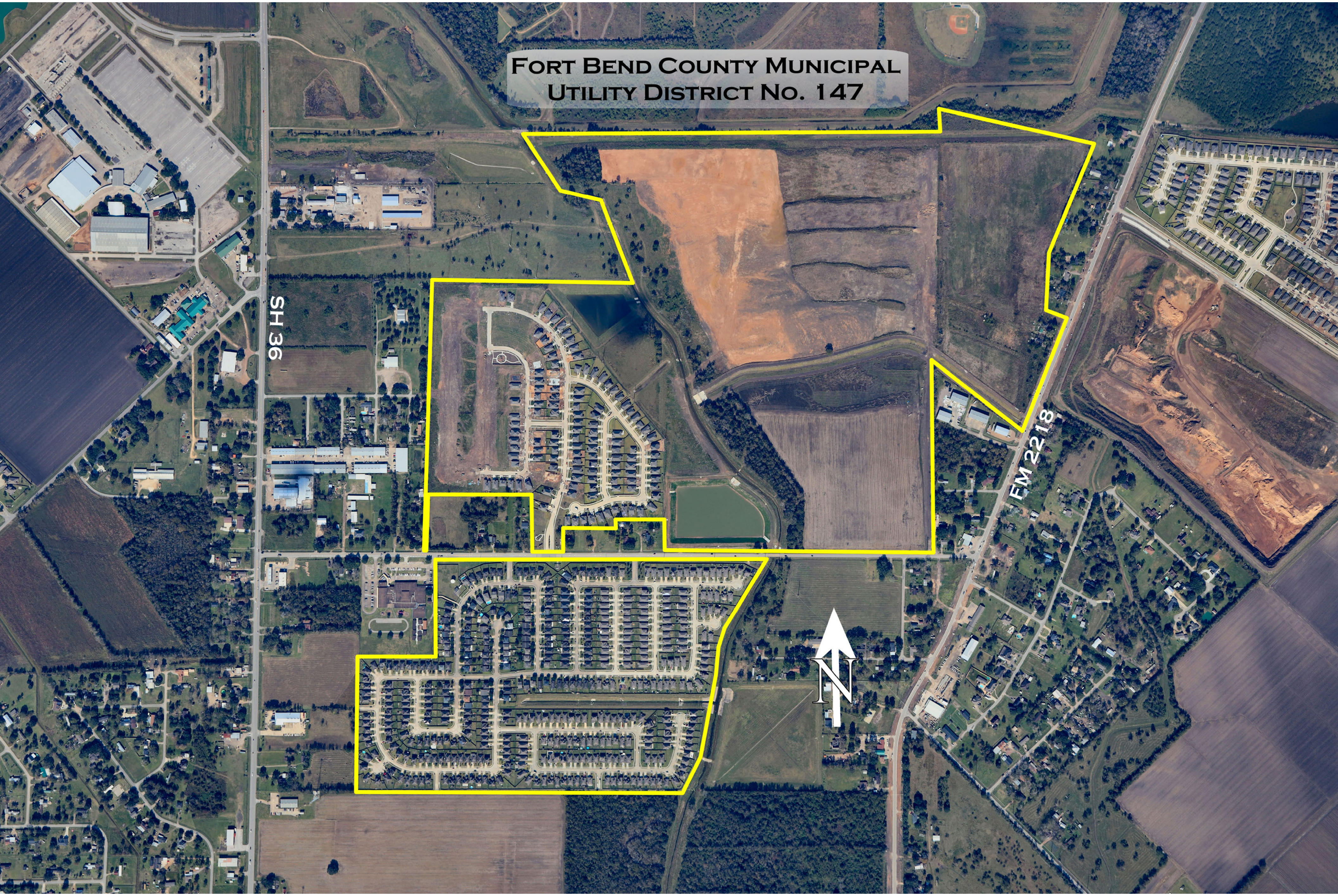
This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 147, as of the date shown on the cover page.

/s/ Julie Cuenod
President, Board of Directors
Fort Bend County Municipal Utility District No. 147

ATTEST:

/s/ Greg Christmann
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 147

AERIAL PHOTOGRAPH
(Approximate boundaries of the District as of January 2022)


Fort Bend County Municipal
Utility District No. 147
SH 36
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PHOTOGRAPHS OF THE DISTRICT
(Taken January 2022)


SOLD


SOLD


CHESMAR HOMES
4707


HISTORYMAKER
HOMES
SOLD

APPENDIX A

District Audited Financial Statements for the fiscal year ended July 31, 2021

FORT BEND COUNTY

MUNICIPAL UTILITY DISTRICT NO. 147

FORT BEND COUNTY, TEXAS

ANNUAL AUDIT REPORT

JULY 31, 2021

CONTENTS

Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

January 25, 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 147
Fort Bend County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Fort Bend County Municipal Utility District No. 147, as of and for the year ended July 31, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risk 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each fund of Fort Bend County Municipal Utility District No. 147 as of July 31, 2021, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (Continued)

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 7 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 19 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 20 to 34 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Fort Bend County Municipal Utility District No. 147 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended July 31, 2021.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District's case, the single governmental program is provision of water and sewer 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 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 and liabilities owned by 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 total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' 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. 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 period.

Although the statement of activities looks different from a commercial enterprise's income statement, 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 fund financial statements consist of a balance sheet and statement of revenues, expenditures and change 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 and sewer 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 total assets and total liabilities 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 are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	2021	2020	Change
Current and other assets	$ 1,786,486	$ 1,866,410	$ (79,924)
Capital assets	7,319,804	5,919,472	1,400,332
Total assets	9,106,290	7,785,882	1,320,408
Long-term liabilities	14,364,561	13,134,898	1,229,663
Other liabilities	211,217	199,449	11,768
Total liabilities	14,575,778	13,334,347	1,241,431
Net position:			
Restricted	761,180	914,527	(153,347)
Unrestricted	(6,230,668)	(6,462,992)	232,324
Total net position	$ (5,469,488)	$ (5,548,465)	$ 78,977

Summary of Changes in Net Position

	2021	2020	Change
Revenues:			
Property taxes, including related penalty and interest	$ 800,087	$ 774,519	$ 25,568
Other revenues	3,558	21,319	(17,761)
Total revenues	803,645	795,838	7,807
Expenses:			
Operations and capital improvements	439,555	2,569,376	(2,129,821)
Debt service	285,113	385,907	(100,794)
Total expenses	724,668	2,955,283	(2,230,615)
Change in net position	78,977	(2,159,445)	2,238,422
Net position, beginning of year	(5,548,465)	(3,389,020)	(2,159,445)
Net position, end of year	$ (5,469,488)	$ (5,548,465)	$ 78,977

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 $1,765,471, a decrease of $24,152 from the prior year.

The General Fund balance increased by $129,479, in accordance with the District's financial plan.

The Debt Service Fund balance increased by $93,816, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by $247,447, as authorized expenditures exceeded interest earnings on deposits.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 19 of this report. The budgetary fund balance as of July 31, 2021 was expected to be $983,805 and the actual end of year fund balance was $984,288.

Capital Asset and Debt Administration

Capital Assets

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

	Capital Assets		
	2021	2020	Change
Construction in progress	$ 7,319,804	$ 5,919,472	$ 1,400,332

Changes to capital assets during the fiscal year ended July 31, 2021, are summarized as follows:

Additions:	
Increase in estimated value of facilities reimbursable to developers	$ 1,613,777
Decreases:	
Assets constructed and transferred to the City	(213,445)
Net change to capital assets	$ 1,400,332

Debt

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

Bonded debt payable, beginning of year	$ 7,530,000
Bonds paid	(120,000)
Bonded debt payable, end of year	$ 7,410,000

At July 31, 2021, the District had $37,355,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District. In addition, the District had $542,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the parks and recreation facilities within the District.

The Series 2019 bonds are insured by Build America Mutual Assurance Company. The insured rating of the Series 2019 bonds is AA by Standard & Poor's. The Series 2018 bonds are not rated or insured. There was no change in the bond ratings during the fiscal year ended July 31, 2021.

As further described in Note 5 of the notes to the financial statements, developers within the District are constructing water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality. At July 31, 2021, the estimated amount due to the developers was $7,319,804.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased by approximately $2,537,000 for the 2020 tax year (approximately 3%) primarily due to the increase of average assessed valuations on existing property.

Relationship to the City of Rosenberg

The District lies entirely within the city limits of the City of Rosenberg and obtains water and sewer service from the City. As described in Note 9 of the notes to the financial statements, the City and the District entered into a thirty-five year Water Supply and Wastewater Services Contract (the "Contract") on September 16, 2003, as amended and restated on March 6, 2018, to provide a water distribution and sanitary sewer system (the "System") to serve the area within the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own, operate and maintain the System.

Water Supply Issues

The District is within the Fort Bend Subsidence District (the "Subsidence District"). The Subsidence District has ordered certain areas of suburban Houston to convert most of their water supply to surface water under various schedules. On September 16, 2003 the District and the City of Rosenberg (the "City") entered into a thirty-five year agreement. Under the terms of the agreement the City agreed to sell and deliver to the District potable water to the area within the District. The District's contract with the City has satisfied the requirements of the Subsidence District.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

JULY 31, 2021

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	$ 224,012	$ 157,869	$ 49	$ 381,930	$	$ 381,930
Certificates of deposit, at cost, Note 7	745,000	620,000		1,365,000		1,365,000
Receivables:						
Property taxes	470	455		925		925
Accrued penalty and interest on property taxes				0	345	345
Accrued interest	378	530		908		908
Other	23,374			23,374		23,374
Prepaid expenditures	14,004			14,004		14,004
Due from other fund		3,600		3,600	(3,600)	0
Maintenance taxes collected not yet transferred from other fund	751			751	(751)	0
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	7,319,804	7,319,804
Total assets	$1,007,989	$ 782,454	$ 49	$ 1,790,492	7,315,798	9,106,290
LIABILITIES						
Accounts payable	$ 19,631	114	$	$ 19,745		19,745
Accrued interest payable				0	20,803	20,803
Due to other fund	3,600			3,600	(3,600)	0
Maintenance taxes collected not yet transferred to other fund		751		751	(751)	0
Long-term liabilities, Note 5:						
Due within one year				0	170,669	170,669
Due in more than one year				0	14,364,561	14,364,561
Total liabilities	23,231	865	0	24,096	14,551,682	14,575,778
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	470	455	0	925	(925)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Assigned to:						
Debt service		781,134		781,134	(781,134)	0
Capital projects			49	49	(49)	0
Unassigned	984,288			984,288	(984,288)	0
Total fund balances	984,288	781,134	49	1,765,471	(1,765,471)	0
Total liabilities, deferred inflows, and fund balances	$1,007,989	$ 782,454	$ 49	$ 1,790,492		
Net position:						
Restricted for debt service					761,131	761,131
Restricted for capital projects					49	49
Unrestricted, Note 4					(6,230,668)	(6,230,668)
Total net position					$ (5,469,488)	$ (5,469,488)

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JULY 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	$ 302,528	$ 496,373	$	$ 798,901	$ (3,779)	$ 795,122
Penalty and interest		2,783		2,783	(601)	2,182
Tax rebate from City of Rosenberg, Note 9		3,600		3,600		3,600
Interest on deposits	1,499	1,126	116	2,741		2,741
Total revenues	304,027	503,882	116	808,025	(4,380)	803,645
EXPENDITURES / EXPENSES						
Administrative expenditures:						
Professional fees	58,695	845		59,540		59,540
Contracted services	10,062	16,256		26,318		26,318
Other	7,169	1,843	1,640	10,652		10,652
Repairs and maintenance	98,622			98,622		98,622
Interest on developer construction			32,478	32,478		32,478
Capital outlay / non-capital outlay			213,445	213,445		213,445
Debt service:						
Principal retirement		120,000		120,000	(120,000)	0
Interest and fees		271,122		271,122	12,491	283,613
Total expenditures / expenses	174,548	410,066	247,563	832,177	(107,509)	724,668
Excess (deficiency) of revenues over expenditures	129,479	93,816	(247,447)	(24,152)	103,129	78,977
Net change in fund balances / net position	129,479	93,816	(247,447)	(24,152)	103,129	78,977
Beginning of year	854,809	687,318	247,496	1,789,623	(7,338,088)	(5,548,465)
End of year	$ 984,288	$ 781,134	$ 49	$ 1,765,471	$ (7,234,959)	$ (5,469,488)

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

NOTES TO THE FINANCIAL STATEMENTS

JULY 31, 2021

NOTE 1: REPORTING ENTITY

Fort Bend County Municipal Utility District No. 147 (the "District") was created by was created by an order of the Texas Commission on Environmental Quality effective July 9, 2004, and operates accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on July 9, 2004. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services and construct and maintain recreational facilities. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred revenues. Property taxes collected after the end of the fiscal year are not included in revenues.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		$ 1,765,471
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		7,319,804
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	$ (7,410,000)	
Issuance discount, net of premium (to be amortized as interest expense)	194,574	
Due to developers	(7,319,804)	(14,535,230)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	345	
Uncollected property taxes	925	1,270
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		(20,803)
Net position, end of year		$ (5,469,488)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		$ (24,152)
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Principal reduction		120,000
The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Issuance discount		(15,939)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Accrued penalty and interest on property taxes receivable	$ (601)	
Uncollected property taxes	(3,779)	(4,380)
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 the funds:		
Accrued interest		3,448
Change in net position		$ 78,977

NOTE 4: CAPITAL ASSETS

As further described in Note 9, under the terms of an agreement with the City of Rosenberg (the "City"), the District will transfer to the City the ownership of the capital assets constructed by the District. Under the terms of the agreement, the District is to pay for construction of a water distribution system, a sanitary sewer collection system and a drainage system to serve the District. The District shall be the owner of each phase of the system until such phase is completed and approved by the City, at which time ownership of such phase shall be transferred to the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the Agreement are retired. Accordingly, the District has no capital assets other than construction in progress as discussed below. In accordance with generally accepted accounting principles, the amount of outstanding long-term debt related to the acquisition of capital assets, $7,215,426, has been netted against the total of unrestricted net position, $984,758, which resulted in a negative unrestricted net asset balance of $6,230,668 at July 31, 2021.

The District records the cost of capital assets as construction in progress until such time as the construction is completed and the developers who funded the construction are reimbursed. Capital asset activity for the fiscal year ended July 31, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 5,919,472	$ 1,613,777	$ 213,445	$ 7,319,804
Total capital assets not being depreciated	5,919,472	1,613,777	213,445	7,319,804
Total capital assets, net	$ 5,919,472	$ 1,613,777	$ 213,445	$ 7,319,804
Changes to capital assets:				
Increase in liability to developers for construction		$ 1,613,777	$	
Capital outlay paid (decrease in liability) to developer		(213,445)		
Transfer of facilities to the City		213,445	213,445	
Net increases / decreases to capital assets		$ 1,613,777	$ 213,445	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended July 31, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	$ 7,530,000	$	$ 120,000	$ 7,410,000	$ 185,000
Less deferred amounts:					
For issuance discounts	(210,513)		(15,939)	(194,574)	(14,331)
Total bonds payable	7,319,487	0	104,061	7,215,426	170,669
Due to developers for construction (see below)	5,919,472	1,613,777	213,445	7,319,804	-----------
Total long-term liabilities	$ 13,238,959	$ 1,613,777	$ 317,506	$ 14,535,230	$ 170,669

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of July 31, 2021, the debt service requirements on the bonds payable were as follows:

Fiscal Year	Principal	Interest	Total
2022	$ 185,000	$ 246,407	$ 431,407
2023	195,000	239,770	434,770
2024	210,000	232,683	442,683
2025	215,000	225,346	440,346
2026	230,000	217,857	447,857
2027 - 2031	1,325,000	979,419	2,304,419
2032 - 2036	1,685,000	742,444	2,427,444
2037 - 2041	2,160,000	412,405	2,572,405
2042 - 2044	1,205,000	50,858	1,255,858
	$ 7,410,000	$ 3,347,189	$ 10,757,189

The bond issues payable at July 31, 2021, were as follows:

	Series 2018	Series 2019
Amounts outstanding, July 31, 2021	$4,845,000	$2,565,000
Interest rates	3.00% to 3.90%	2.00% to 4.50%
Maturity dates, serially beginning/ending	September 1, 2021/2042	September 1, 2021/2043
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates	September 1, 2024*	September 1, 2025*

*Or any date thereafter, callable at the principal amount plus accrued interest, in whole or in part at the option of the District.

Bonds voted and not issued	$ 45,000,000
Bonds approved for sale and sold	7,645,000
Bonds voted and not issued	37,355,000
Refunding bonds voted and not issued	67,500,000
Parks and recreation bonds voted and not issued	542,000

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

Developer Construction Commitments and Liabilities

Developers within the District are constructing certain facilities within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality. The District's engineer stated that cost of the construction in progress at July 31, 2021, was $7,319,804. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

NOTE 6: PROPERTY TAXES

The Fort Bend County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held September 11, 2004, the voters within the District authorized a maintenance tax not to exceed $1.50 per $100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

At an election held September 11, 2004, the voters within the District authorized a parks and recreation tax not to exceed $0.10 per $100 valuation on all property subject to taxation within the District. The District has not levied a parks and recreation tax.

On October 30, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of $83,702,701:

	Rate	Amount
Debt service	$ 0.5900	$ 493,846
Maintenance	0.3600	301,330
	$ 0.9500	$ 795,176

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2020 tax year total property tax levy	$ 795,176
Appraisal district adjustments to prior year taxes	(54)
Statement of Activities property tax revenues	$ 795,122

NOTE 7: DEPOSITS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was $1,746,930 and the bank balance was $1,756,555. Of the bank balance, $895,511 was covered by federal insurance and $861,044 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Dallas.

Deposits and temporary investments restricted by state statutes and Bond Orders:

Debt Service Fund	
For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:	
Cash	$ 157,869
Certificates of deposit	620,000
	$ 777,869
Capital Projects Fund	
For construction of capital assets:	
Cash	$ 49

NOTE 8: 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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At July 31, 2021, the District had comprehensive general liability coverage with a per occurrence limit of $1,000,000 and $3,000,000 general aggregate, consultant's crime coverage of $100,000 and a tax assessor-collector bond of $10,000. The District did not have property damage coverage. However, as described in Note 9, the City of Rosenberg has assumed the ownership of the water and sewer facilities within the boundaries of the District.

NOTE 9: CONTRACT WITH THE CITY OF ROSENBERG

The District entered into a Water Supply and Wastewater Services Contract (the "Contract") with the City of Rosenberg (the "City") on September 16, 2003 (as assigned September 22, 2004), and amended and restated on March 6, 2018, for a period of thirty-five years. Under the terms of the Contract, the District is to pay for construction of a water distribution system, a sanitary sewer collection system and a drainage system to serve the District. The District shall be the owner of the system until the system is completed and approved by the City, at which time ownership of the system shall vest in the City. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the Contract are retired.

The Contract provides that the City will rebate to the District, on February 1 of each calendar year the amount of City Drainage Taxes on the assessed valuation of taxable property within the District which is within the corporate limits of the City. The amount of the rebate is to be computed on the taxable valuation of the preceding calendar year. Ad valorem tax rebates of $3,600 were received from the City during the fiscal year ended July 31, 2021.

During the term of the Contract, the City is obligated to maintain and operate the system in good working condition and to provide service to up to 457 Equivalent Single-Family Connections within the District. The City will fix rates and charges for customers in the District equal and uniform to the rates charged other similar users within the City. The City agrees to reserve the "rated capacity" of the sewage treatment plant and water plant which has been paid for by the District to serve persons within the District.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED JULY 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 295,640	$ 295,640	$ 302,528	$ 6,888
Interest on deposits	7,000	7,000	1,499	(5,501)
TOTAL REVENUES	302,640	302,640	304,027	1,387
EXPENDITURES				
Administrative expenditures				
Professional fees	92,000	92,000	58,695	(33,305)
Contracted services	9,600	9,600	10,062	462
Other	9,685	9,685	7,169	(2,516)
Repairs and maintenance	62,359	62,359	98,622	36,263
Capital outlay	0	0	0	0
TOTAL EXPENDITURES	173,644	173,644	174,548	904
EXCESS REVENUES (EXPENDITURES)	128,996	128,996	129,479	483
FUND BALANCE, BEGINNING OF YEAR	854,809	854,809	854,809	0
FUND BALANCE, END OF YEAR	$ 983,805	$ 983,805	$ 984,288	$ 483

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

JULY 31, 2021

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

SCHEDULE OF SERVICES AND RATES

JULY 31, 2021

1. Services Provided by the District:

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

__ Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

X Other All services are provided by the City of Rosenberg

2. Retail Rates Based on 5/8" meter: X Retail Rates Not Applicable

3. Not Applicable. All services are provided by the City of Rosenberg.

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

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

   If yes, date of the most recent Commission Order: __________________

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

   If yes, date of the most recent Commission Order: __________________

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

EXPENDITURES

FOR THE YEAR ENDED JULY 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
ADMINISTRATIVE EXPENDITURES				
Professional fees:				
Auditing	$ 8,525	$	$	$ 8,525
Legal	35,583	845		36,428
Engineering	14,587			14,587
	58,695	845	0	59,540
Contracted services:				
Bookkeeping	10,062			10,062
Tax assessor-collector		9,600		9,600
Central appraisal district		6,656		6,656
	10,062	16,256	0	26,318
Other:				
Director's fees	2,700			2,700
Insurance	3,375	100		3,475
Other	1,094	1,743	1,640	4,477
	7,169	1,843	1,640	10,652
REPAIRS AND MAINTENANCE	98,622	0	0	98,622
CAPITAL OUTLAY				
Authorized expenditures	0	0	213,445	213,445
Interest on developer construction	0	0	32,478	32,478
DEBT SERVICE				
Principal retirement	0	120,000	0	120,000
Interest and fees:				
Interest		270,322		270,322
Paying agent fees		800		800
	0	271,122	0	271,122
TOTAL EXPENDITURES	$ 174,548	$ 410,066	$ 247,563	$ 832,177

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

ANALYSIS OF CHANGES IN DEPOSITS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JULY 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS				
Cash receipts from revenues excluding maintenance taxes	$ 1,826	$ 500,673	$ 116	$ 502,615
Maintenance tax receipts		302,528		302,528
Transfer of maintenance taxes	301,777			301,777
Payments from City of Rosenberg	3,600			$ 3,600
TOTAL DEPOSITS	307,203	803,201	116	1,110,520
APPLICATIONS OF DEPOSITS				
Cash disbursements for:				
Current expenditures	226,054	18,830	1,640	246,524
Capital outlay			245,923	245,923
Debt service		391,122		391,122
Prepaid expenditures	14,004			14,004
Transfer of maintenance taxes		301,777		301,777
TOTAL DEPOSITS APPLIED	240,058	711,729	247,563	1,199,350
INCREASE (DECREASE) IN DEPOSITS	67,145	91,472	(247,447)	(88,830)
DEPOSITS BALANCES, BEGINNING OF YEAR	901,867	686,397	247,496	1,835,760
DEPOSITS BALANCES, END OF YEAR	$ 969,012	$ 777,869	$ 49	$ 1,746,930

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

SCHEDULE OF CERTIFICATES OF DEPOSIT

JULY 31, 2021

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
Certificates of Deposit				
No. 66000700	0.20%	9/21/21	$ 500,000	$ 362
No. 66000498	0.06%	12/21/21	245,000	16
			$ 745,000	$ 378
DEBT SERVICE FUND				
Certificates of Deposit				
No. 440005484	0.20%	8/20/21	$ 140,000	$ 122
No. 66001037	0.20%	8/26/21	480,000	408
			$ 620,000	$ 530
Total – All Funds			$ 1,365,000	$ 908

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED JULY 31, 2021

	Maintenance Taxes	Debt Service Taxes
RECEIVABLE, BEGINNING OF YEAR	$ 1,686	$ 3,018
Additions and corrections to prior year taxes	(18)	(36)
Adjusted receivable, beginning of year	1,668	2,982
2020 ADJUSTED TAX ROLL	301,330	493,846
Total to be accounted for	302,998	496,828
Tax collections: Current tax year	(301,204)	(493,640)
Prior tax years	(1,324)	(2,733)
RECEIVABLE, END OF YEAR	$ 470	$ 455
RECEIVABLE, BY TAX YEAR		
2014	$ 53	$ 0
2015	52	0
2016	52	0
2017	52	0
2018	27	25
2019	108	224
2020	126	206
RECEIVABLE, END OF YEAR	$ 470	$ 455

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED JULY 31, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	2020	2019	2018	2017
Land	$ 14,466,700	$ 12,886,610	$ 9,962,550	$ 8,777,605
Improvements	69,999,130	69,043,300	57,427,800	40,317,500
Personal property	482,300	412,370	306,310	220,750
Less exemptions	(1,245,429)	(1,176,180)	(691,996)	(323,053)
TOTAL PROPERTY VALUATIONS	$ 83,702,701	$ 81,166,100	$ 67,004,664	$ 48,992,802
Debt service tax rates	$ 0.59000	$ 0.64000	$ 0.45000	$ 0.00000
Maintenance tax rates*	0.36000	0.31000	0.50000	0.95000
TOTAL TAX RATES PER $100 VALUATION	$ 0.95000	$ 0.95000	$ 0.95000	$ 0.95000
TAX ROLLS	$ 795,176	$ 771,078	$ 636,544	$ 465,432
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	99.9 %	99.9 %	99.9 %	99.9 %

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

JULY 31, 2021

	Series 2018		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 125,000	$ 172,201	$ 297,201
2023	130,000	168,376	298,376
2024	140,000	164,326	304,326
2025	145,000	160,052	305,052
2026	155,000	155,551	310,551
2027	160,000	150,746	310,746
2028	170,000	145,546	315,546
2029	175,000	139,939	314,939
2030	185,000	133,906	318,906
2031	195,000	127,349	322,349
2032	205,000	120,246	325,246
2033	215,000	112,633	327,633
2034	225,000	104,546	329,546
2035	235,000	96,036	331,036
2036	250,000	87,001	337,001
2037	260,000	77,439	337,439
2038	275,000	67,408	342,408
2039	290,000	56,633	346,633
2040	305,000	45,104	350,104
2041	320,000	32,955	352,955
2042	335,000	20,183	355,183
2043	350,000	6,825	356,825
TOTALS	$ 4,845,000	$ 2,345,001	$ 7,190,001

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

JULY 31, 2021

	Series 2019		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 60,000	$ 74,206	$ 134,206
2023	65,000	71,394	136,394
2024	70,000	68,357	138,357
2025	70,000	65,294	135,294
2026	75,000	62,306	137,306
2027	80,000	60,006	140,006
2028	85,000	58,356	143,356
2029	90,000	56,550	146,550
2030	90,000	54,581	144,581
2031	95,000	52,440	147,440
2032	100,000	50,062	150,062
2033	105,000	47,434	152,434
2034	110,000	44,612	154,612
2035	115,000	41,587	156,587
2036	125,000	38,287	163,287
2037	130,000	34,700	164,700
2038	135,000	30,891	165,891
2039	140,000	26,850	166,850
2040	150,000	22,500	172,500
2041	155,000	17,925	172,925
2042	165,000	13,125	178,125
2043	175,000	8,025	183,025
2044	180,000	2,700	182,700
TOTALS	$ 2,565,000	$ 1,002,188	$ 3,567,188

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

JULY 31, 2021

	Annual Requirements for All Series		
Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total
2022	$ 185,000	$ 246,407	$ 431,407
2023	195,000	239,770	434,770
2024	210,000	232,683	442,683
2025	215,000	225,346	440,346
2026	230,000	217,857	447,857
2027	240,000	210,752	450,752
2028	255,000	203,902	458,902
2029	265,000	196,489	461,489
2030	275,000	188,487	463,487
2031	290,000	179,789	469,789
2032	305,000	170,308	475,308
2033	320,000	160,067	480,067
2034	335,000	149,158	484,158
2035	350,000	137,623	487,623
2036	375,000	125,288	500,288
2037	390,000	112,139	502,139
2038	410,000	98,299	508,299
2039	430,000	83,483	513,483
2040	455,000	67,604	522,604
2041	475,000	50,880	525,880
2042	500,000	33,308	533,308
2043	525,000	14,850	539,850
2044	180,000	2,700	182,700
TOTALS	$ 7,410,000	$ 3,347,189	$ 10,757,189

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED JULY 31, 2021

	(1)	(2)	Totals
Bond Series:	2018	2019	
Interest Rate:	3.00% to 3.90%	2.00% to 4.50%	
Dates Interest Payable:	September 1/ March 1	September 1/ March 1	
Maturity Dates:	September 1, 2021/2042	September 1, 2021/2043	
Bonds Outstanding at Beginning of Current Year	$ 4,965,000	$ 2,565,000	$ 7,530,000
Add Bonds Sold			
Less Retirements	(120,000)	0	(120,000)
Bonds Outstanding at End of Current Year	$ 4,845,000	$ 2,565,000	$ 7,410,000
Current Year Interest Paid	$ 175,876	$ 94,446	$ 270,322

Bond Descriptions and Original Amount of Issue

(1) Fort Bend County Municipal Utility District No. 147 Unlimited Tax Bonds, Series 2018 ($5,080,000)

(2) Fort Bend County Municipal Utility District No. 147 Unlimited Tax Bonds, Series 2019 ($2,565,000)

Paying Agent/Registrar

(1) (2) ZB, National Association dba Amegy Bank, Houston, Texas

Bond Authority	Tax Bonds	Other Bonds	Refunding Bonds
Amount Authorized by Voters:	$ 45,000,000	$ 542,000	$ 67,500,000
Amount Issued:	7,645,000	0	0
Remaining to be Issued:	37,355,000	542,000	67,500,000

Net Debt Service Fund deposits balances as of July 31, 2021:	$781,134
Average annual debt service payment for remaining term of all debt:	467,704

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND

FOR YEARS ENDED JULY 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	$ 302,528	$ 250,835	$ 338,018	$ 461,976	$ 201,539	99.5 %	95.5 %	96.1 %	97.4 %	97.4 %
Penalty and interest	0	0	0	2,072	1,572	0.0	0.0	0.0	0.4	0.8
Tax rebate from City of Rosenberg	0	0	0	4,655	2,910	0.0	0.0	0.0	1.0	1.4
Interest on deposits	1,499	11,903	13,743	5,587	870	0.5	4.5	3.9	1.2	0.4
TOTAL REVENUES	304,027	262,738	351,761	474,290	206,891	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Administrative expenditures:										
Professional fees	58,695	111,817	76,890	71,324	55,040	19.3	42.6	21.9	15.1	26.7
Contracted services	10,062	9,893	9,927	16,520	13,525	3.3	3.8	2.8	3.5	6.5
Repairs and maintenance	98,622	93,710	76,702	128,066	19,850	32.4	35.7	21.8	27.0	9.6
Other	7,169	21,717	5,622	9,689	9,355	2.4	8.2	1.6	2.0	4.5
TOTAL EXPENDITURES	174,548	237,137	169,141	225,599	97,770	57.4	90.3	48.1	47.6	47.3
EXCESS REVENUES (EXPENDITURES)	$ 129,479	$ 25,601	$ 182,620	$ 248,691	$ 109,121	42.6 %	9.7 %	51.9 %	52.4 %	52.7 %

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND

FOR YEARS ENDED JULY 31

	AMOUNT				PERCENT OF TOTAL REVENUES			
	2021	2020	2019	2018*	2021	2020	2019	2018
REVENUES								
Property taxes	$ 496,373	$ 517,093	$ 300,909	$ 0	98.5 %	97.2 %	94.8 %	0.0 %
Penalty and interest	2,783	1,707	2,945	0	0.6	0.3	0.9	0.0
Tax rebate from City of Rosenberg	3,600	5,277	5,946	0	0.7	1.0	1.9	0.0
Accrued interest on bonds received at date of sale	0	3,568	0	9,056	0.0	0.7	0.0	91.8
Interest on deposits and investments and other	1,126	4,466	7,744	809	0.2	0.8	2.4	8.2
TOTAL REVENUES	503,882	532,111	317,544	9,865	100.0	100.0	100.0	100.0
EXPENDITURES								
Current:								
Professional fees	845	434	890	0	0.2	0.1	0.3	0.0
Contracted services	16,256	13,858	16,078	0	3.2	2.6	5.1	0.0
Other expenditures	1,843	1,691	1,506	0	0.4	0.3	0.5	0.0
Debt service:								
Principal retirement	120,000	115,000	0	0	23.8	21.6	0.0	0.0
Interest and fees	271,122	179,801	166,447	0	53.8	33.8	52.3	0.0
TOTAL EXPENDITURES	410,066	310,784	184,921	0	81.4	58.4	58.2	0.0
EXCESS REVENUES (EXPENDITURES)	$ 93,816	$ 221,327	$ 132,623	$ 9,865	18.6 %	41.6 %	41.8 %	100.0 %

*First year of activity.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

JULY 31, 2021

Complete District Mailing Address: Fort Bend County Municipal Utility District No. 147
c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP
1980 Post Oak Blvd.
Suite 1380
Houston, Texas 77056

District Business Telephone No.: 713-850-9000

Submission date of the most recent District Registration Form: June 8, 2020

Limit on Fees of Office that a Director may receive during a fiscal year: $7,200

BOARD MEMBERS

Name and Address	Term of Office (Elected/ Appointed)	Fees of Office Paid	Expense Reimb.	Title at Year End
Julie Cuenod c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP 1980 Post Oak Blvd. Suite 1380 Houston, Texas 77056	Elected 5/02/20- 5/04/24	$ 600	$ 21	President
Charles Emmott c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP 1980 Post Oak Blvd. Suite 1380 Houston, Texas 77056	Elected 5/02/20- 5/04/24	600	0	Vice President
Gregory P. Christmann c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP 1980 Post Oak Blvd. Suite 1380 Houston, Texas 77056	Elected 5/05/18- 5/07/22	300	0	Secretary/ Treasurer
Julie Sirey c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP 1980 Post Oak Blvd. Suite 1380 Houston, Texas 77056	Elected 5/02/20- 5/04/24	600	0	Assistant Secretary
Danna Sivan c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP 1980 Post Oak Blvd. Suite 1380 Houston, Texas 77056	Appointed 11/20/19- 5/07/22	600	0	Vice President

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 147

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

JULY 31, 2021

CONSULTANTS

Name and Address	Date Hired	Fees and Expense Reimbursements	Title at Year End
Sanford Kuhl Hagan Kugle Parker Kahn, LLP 1980 Post Oak Blvd. Suite 1380 Houston, Texas 77056	2/03/10	$ 36,429	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	6/21/21	0	Delinquent Tax Attorney
L & S District Services, LLC P.O. Box 170 Tomball, Texas 77377	9/22/04	10,062	Bookkeeper
Debra Loggins P.O. Box 80 Tomball, Texas 77377	9/22/04	0	Investment Officer
Pape-Dawson Engineers, Inc. 10333 Richmond Ave., Suite 900 Houston, Texas 77042	9/4/14	14,587	Engineer
Esther Flores 12841 Capricorn Street Stafford, Texas 77477	8/24/05	10,915	Tax Assessor-Collector
Fort Bend Central Appraisal District 2801 B. F. Terry Blvd. Richmond, Texas 77471	Legislative Action	6,656	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	8/9/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	9/30/09	8,525	Independent Auditor

APPENDIX B

Specimen Municipal Bond Insurance Policy

ASSURED GUARANTY MUNICIPAL

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

Form 500NY (5/90)