

OFFICIAL STATEMENT DATED MAY 5, 2022

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

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

NEW ISSUE - Book-Entry Only

**Ratings: S&P Global Ratings (BAM Insured) "AA" (stable outlook)
Moody's Investors Service (Underlying) ... "Baa3" (stable outlook)
See "BOND INSURANCE" and "RATINGS" herein**

**\$4,810,000
FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
(A Political Subdivision of the State of Texas located within Fort Bend County, Texas)
UNLIMITED TAX BONDS, SERIES 2022**

Dated: June 1, 2022

**Due: September 1, as shown
on the inside cover**

Interest Accrual Date: Date of Delivery

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected June 7, 2022) (the "Date of Delivery"), and is payable on March 1, 2023, and on each September 1 and March 1 thereafter until the earlier of maturity or prior redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

The Bonds, including the Term Bonds, maturing on and after September 1, 2029, are subject to redemption prior to maturity at the option of Fort Bend County Municipal Utility District No. 24 (the "District"), as a whole or in part, on September 1, 2027, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM" or the "Insurer"). See "BOND INSURANCE" herein.



See Maturity Schedule on the inside cover

The Bonds constitute the eighth series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District have authorized a total of \$187,150,000 principal amount of bonds for the purpose of acquiring and constructing the System, \$47,100,000 principal amount of unlimited tax refunding bonds, \$4,450,000 principal amount of unlimited tax bonds for recreational facilities, \$17,380,000 principal amount of unlimited tax bonds for road facilities, and \$8,000,000 principal amount of unlimited tax refunding bonds for roads. Following the issuance of the Bonds, \$162,250,000 principal amount of unlimited tax bonds for acquiring and constructing the System, \$46,755,000 principal amount of unlimited tax refunding bonds, \$4,450,000 principal amount of unlimited tax bonds for recreational facilities, \$17,380,000 principal amount of unlimited tax bonds for road facilities, and \$8,000,000 principal amount of unlimited tax refunding bonds for roads authorized by the District's voters will remain authorized but unissued. See "THE BONDS - Issuance of Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment." Neither the State of Texas, the City of Houston, Texas, Fort Bend County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, or Fort Bend County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District and accepted by the Underwriter, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form is expected on or about June 7, 2022.

MATURITY SCHEDULE

CUSIP Prefix^(a): 34679V

\$995,000 Serial Bonds

<u>Maturity (Due September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield^(b)</u>	<u>CUSIP Suffix^(a)</u>
2023	\$95,000	4.00%	2.50%	KD1
2024	105,000	4.00	2.60	KE9
2025	110,000	4.00	2.75	KF6
2026	120,000	4.00	2.90	KG4
2027	125,000	4.00	3.00	KH2
****	****			
2038 ^(c)	220,000	4.00	3.85	KU3
2039 ^(c)	220,000	4.00	3.90	KV1

\$275,000 Term Bonds, Due September 1, 2029(c)(d), CUSIP Suffix KK5 (a), Interest Rate 3.00% (Yield 3.20%)(b)
\$305,000 Term Bonds, Due September 1, 2031(c)(d), CUSIP Suffix KM1 (a), Interest Rate 3.25% (Yield 3.50%)(b)
\$345,000 Term Bonds, Due September 1, 2033(c)(d), CUSIP Suffix KP4 (a), Interest Rate 3.50% (Yield 3.70%)(b)
\$375,000 Term Bonds, Due September 1, 2035(c)(d), CUSIP Suffix KR0 (a), Interest Rate 4.00% (Yield 3.65%)(b)
\$410,000 Term Bonds, Due September 1, 2037(c)(d), CUSIP Suffix KT6 (a), Interest Rate 4.00% (Yield 3.80%)(b)
\$995,000 Term Bonds, Due September 1, 2043(c)(d), CUSIP Suffix KZ2 (a), Interest Rate 4.00% (Yield 4.00%)(b)
\$1,110,000 Term Bonds, Due September 1, 2047(c)(d), CUSIP Suffix LD0 (a), Interest Rate 4.00% (Yield 4.047%)(b)

- (a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriter (as defined herein) take any responsibility for the accuracy of CUSIP numbers.
- (b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed.
- (c) Subject to optional redemption as described on the cover.
- (d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Redemption Provisions."

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audited financial statements, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor.

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

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (referred to herein as the “Underwriter” or the “Initial Purchaser”) to purchase the Bonds bearing the interest rates shown under “MATURITY SCHEDULE” at a price of 97.010562% of the principal amount thereof, which resulted in a net effective interest rate of 4.116776%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose the term “public” shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. The District has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriter at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

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

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com. BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$481.5 million, \$183.4 million and \$298.1 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

BOND INSURANCE RISK FACTORS

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "BOND INSURANCE" and "RATINGS" herein. As is stated in this Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," the rating of the Insurer's creditworthiness by any rating agency does not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligation to take up and pay for the Bonds.

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 to the knowledge of the District, the Underwriter, 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 the principal of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

RATINGS

The Bonds are expected to receive an insured rating of “AA” (stable outlook) from S&P Global Ratings (“S&P”), a business unit of Standard & Poor’s Financial Services LLC, based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody’s Investors Service, Inc. (“Moody’s”) is “Baa3” (stable outlook).

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody’s. The foregoing ratings express only the view of S&P and Moody’s at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P and Moody’s, if, in their respective judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

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

OFFICIAL STATEMENT SUMMARY

The following summary of certain information contained herein is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

THE BONDS

The Issuer	Fort Bend County Municipal Utility District No. 24 (the “District”) is a political subdivision of the State of Texas located entirely within Fort Bend County, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston. See “THE DISTRICT - Authority.”
Description	\$4,810,000 Unlimited Tax Bonds, Series 2022, are dated June 1, 2022. An aggregate of \$995,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2023 through 2027, both inclusive, 2038 and 2039, in the principal amounts set forth on the inside cover page of this Official Statement. An aggregate of \$3,815,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2029, 2031, 2033, 2035, 2037, 2043 and 2047 (collectively, the “Term Bonds”), in the principal amounts set forth on the inside cover page of this Official Statement. The Bonds are issued in fully registered form and will be issued in denominations of \$5,000 of principal amount or integral multiples thereof. Interest on the Bonds accrues from the Date of Delivery (as defined herein), and is payable on March 1, 2023, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds, including the Term Bonds, scheduled to mature on and after September 1, 2029, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2027, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. In addition to being subject to optional redemption, the Term Bonds are also subject to mandatory sinking fund redemption on September 1 in the years and in the amounts as is more completely described in this Official Statement under the caption “THE BONDS - Redemption Provisions - Mandatory Redemption.” See “THE BONDS.”
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “THE BONDS - Source of Payment,” “TAX DATA - Tax Rate Calculations,” and “INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates.”

Use of Proceeds

Proceeds of the sale of the Bonds will be used by the District to (i) finance the District’s costs of acquisition or construction of (a) water, wastewater, and drainage facilities to serve Winfield Lakes North, Sections 5 through 7; (b) capital cost payment to Fort Bend County Municipal Utility District No. 23 for Water Plant No. 2, Phase 3 expansion; (c) waterline extension on Chimney Rock Road; (d) remaining costs for Wastewater Treatment Plant, Phase 1; and (e) Winfield Lakes, Phase 2, detention pond and channel improvements; (ii) finance the retirement of the District’s \$2,874,000 Bond Anticipation Note, Series 2021 (the “BAN”), the proceeds of the sale of which the District utilized to interim finance a portion of the aforementioned items; (iii) pay engineering costs associated with the foregoing projects, and Storm Water Pollution Prevention; (iv) pay interest on advances made on behalf of the District; and (v) pay for administrative and issuance costs, legal fees, fiscal advisor’s fees, fees to the TCEQ and the Attorney General of Texas, engineering fees, and certain financing costs related to the issuance of the Bonds. See “THE BONDS - Use and Distribution of Bond Proceeds.”

Outstanding Bonds and Payment Record

The Bonds are the eighth series of bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the “System”) to serve the District. The District has previously issued Unlimited Tax Bonds, Series 2008 (the “Series 2008 Bonds”), Unlimited Tax Bonds, Series 2011 (the “Series 2011 Bonds”), Unlimited Tax Bonds, Series 2014 (the “Series 2014 Bonds”), Unlimited Tax Bonds, Series 2016 (the “Series 2016 Bonds”), Unlimited Tax Bonds, Series 2017 (the “Series 2017 Bonds”), Unlimited Tax Bonds, Series 2018 (the “Series 2018 Bonds”), and Unlimited Tax Bonds, Series 2020 (the “Series 2020 Bonds”) to finance components of the System. The District also has issued Unlimited Tax Refunding Bonds, Series 2015 (the “Series 2015 Refunding Bonds”) and Unlimited Tax Refunding Bonds, Series 2019 (the “Series 2019 Refunding Bonds”) to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds previously issued by the District as the “Prior Bonds.” Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was \$18,615,000 (the “Outstanding Bonds”). The District has timely made all payments of principal of and interest on the Prior Bonds. After delivery of the Bonds, the total outstanding amount of the District’s direct bonded indebtedness, including the Bonds, is \$23,425,000.

Authorized But Unissued Bonds

\$162,250,000 for waterworks, wastewater, and drainage facilities (after issuance of the Bonds), \$46,755,000 for refunding purposes, \$4,450,000 for recreational facilities, \$17,380,000 for road facilities, and \$8,000,000 for road refunding purposes. See “THE BONDS - Issuance of Additional Debt.” In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District will finance the acquisition or construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Municipal Bond Insurance	Build America Mutual Assurance Company (“BAM”). See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”
Municipal Bond Rating	S&P Global Ratings (BAM Insured) “AA” (stable outlook). Moody’s Investors Service, Inc. (Underlying) “Baa3” (stable outlook). See “BOND INSURANCE,” “BOND INSURANCE RISK FACTORS” and “RATINGS.”
Bond Counsel	Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS” and “TAX MATTERS.”
Qualified Tax-Exempt Obligations	The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS - Qualified Tax-Exempt Obligations.”

THE DISTRICT

Description	Fort Bend County Municipal Utility District No. 24, a political subdivision of the State of Texas, was created by the Texas Water Commission, predecessor to the TCEQ, on February 15, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District currently contains approximately 773.984 acres of land, including approximately 519.354 acres that were annexed into the District on November 20, 2019. The District is located entirely within Fort Bend County, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the “City”), approximately 20 miles southwest of the central business district of the City. The District is bounded on the south by State Highway 6, and is located west of Farm-to-Market Road 521, and east of the Fort Bend County Toll Road. The District lies wholly within the Fort Bend Independent School District. See “THE DISTRICT - Authority” and - “Description,” “FUTURE DEVELOPMENT,” “AERIAL PHOTOGRAPH OF THE DISTRICT,” and “APPENDIX A - LOCATION MAP.
Authority	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT - Authority.”
Development and Home Construction	As of April 1, 2022, the District contained 973 homes, including 21 homes under construction. See “Builder.” According to the District’s Engineer, water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities and street paving have been completed to serve a total of 1,004 fully developed single-family residential lots (approximately 205.5 total acres) within the District as is delineated in the chart that appears in this Official Statement under the caption “DEVELOPMENT AND HOME CONSTRUCTION.” In addition, as is also delineated in the chart, 65 additional single-family residential lots (approximately 13.1 total acres) are currently under development as Winfield Lakes North, Section 7, with completion expected in approximately July 2022. The District cannot represent that the development of Winfield Lakes North, Section 7 will be completed.

Woodmere (defined below under the caption “Developer and Other Principal Land Owners”) has developed 73 single-family residential lots located in the subdivision that has been platted as Winfield Lakes,

Section 17 (on approximately 16.1 acres), 350 single-family residential lots located in the subdivisions that have been platted as Winfield Lakes North, Sections 1 through 6 (on approximately 64.9 acres), and is currently developing 65 single-family residential lots located in the subdivision that has been platted as Winfield Lakes North, Section 7 (on approximately 13.1 acres). Reference is made in this Official Statement to Woodmere as the “Developer.”

Woodmere owns approximately 43.20 acres of currently undeveloped land located in the District that it expects to develop into approximately 105 future single-family residential lots and BGM Land Investments, Ltd. (“BGM”), a related entity to Woodmere, owns approximately 64.44 acres of currently undeveloped land located in the District that are expected to be developed into approximately 300 future single-family residential lots, although the District cannot represent that the development of any portion thereof will be undertaken.

Woodmere has sold and contracted to sell lots that it has developed in the District to its affiliate, Lake Ridge Builders, which has constructed and is constructing homes in Winfield Lakes North as is described below under the caption “Builder” and as is enumerated in the chart that appears in this Official Statement under the caption “DEVELOPMENT AND HOME CONSTRUCTION.”

Approximately 201.56 acres of currently undeveloped land located within the District are owned by Hannover Estates, Ltd. (“HEL”). Headway Estates, Ltd. (“Headway”) owns approximately 130.38 acres of land located within the District and Sunlake Limited (“Sunlake”) owns approximately 64.52 acres of land located within the District. HEL, Headway and Sunlake are all related parties. Such land is expected to be developed for predominately single-family residential purposes, although no party has any obligation to the District to develop any of such property according to any particular plan of development or at all. Therefore, the District cannot predict the ultimate disposition of such property. See “THE BONDS - Issuance of Additional Debt,” “DEVELOPMENT AND HOME CONSTRUCTION,” “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS,” “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2021 Taxpayers,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments,” and - “Future Debt.”

Approximately 14 acres within the District are owned by the Fort Bend Independent School District, on which the Rosa Parks Elementary School has been constructed. Such property is not subject to taxation by the District.

Portions of the currently undeveloped acres located within the District are contained within street and/or drainage easements, rights-of-way, lakes and storm water detention ponds, or are otherwise not available for development, as are acres that are located within the platted areas of some of the aforementioned subdivisions.

In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District will finance the acquisition or

construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Developer and Other Principal Land Owners.....

The developer of the 73 single-family residential lots located in the subdivision that has been platted as Winfield Lakes, Section 17 (on approximately 16.1 acres), the 350 single-family residential lots located in the subdivisions that have been platted as Winfield Lakes North, Sections 1 through 6 (on approximately 64.9 acres), and the 65 single-family residential lots that are currently under development located in the subdivision that has been platted as Winfield Lakes North, Section 7 (on approximately 13.1 acres) is Woodmere Development Co., Ltd., a Texas limited partnership (“Woodmere”), the general partner of which is Woodmere GP, L.L.C., a Texas limited liability company. Woodmere has sold and contracted to sell lots that it has developed in the District to its affiliate, Lake Ridge Builders, which has constructed and is constructing homes on such Winfield Lakes North lots as is described below under the caption “Builder” and as is enumerated in the chart that appears in this Official Statement under the caption “DEVELOPMENT AND HOME CONSTRUCTION.” Woodmere owns approximately 43.20 acres of currently undeveloped land located in the District that it expects to develop into approximately 105 future single-family residential lots and BGM Land Investments, Ltd. (“BGM”), a related entity to Woodmere, owns approximately 64.44 acres of currently undeveloped land located in the District that are expected to be developed into approximately 300 future single-family residential lots, although the District cannot represent that the development of any portion thereof will be undertaken.

Reference is made in this Official Statement to Woodmere as the “Developer.”

Approximately 201.56 acres of currently undeveloped land located within the District are owned by Hannover Estates, Ltd. (“HEL”). Headway Estates, Ltd. (“Headway”) owns approximately 130.38 acres of land located within the District and Sunlake Limited (“Sunlake”) owns approximately 64.52 acres of land located within the District. HEL, Headway and Sunlake are all related parties. Such land is expected to be developed for predominately single-family residential purposes, although no party has any obligation to the District to develop any of such property according to any particular plan of development or at all. Therefore, the District cannot predict the ultimate disposition of such property. See “THE BONDS - Issuance of Additional Debt,” “DEVELOPMENT AND HOME CONSTRUCTION,” “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS,” “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2021 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments,” and - “Future Debt.”

Builder.....

Woodmere is selling lots that it has developed within the District to its affiliate, Lake Ridge Builders. Lake Ridge Builders is currently constructing homes in Winfield Lakes North which range in size from approximately 1,416 to 3,129 square feet of living area and in sales price from approximately \$313,990 to \$380,990.

Lake Ridge Builders may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

Infectious Disease Outbreak (COVID-19)

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

Over the ensuing years, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no state 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 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.

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS.”

SELECTED FINANCIAL INFORMATION
(Unaudited)

2021 Assessed Valuation..... (As of January 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"	\$ 193,977,243 (a)
Estimated Valuation at March 1, 2022 See "TAX DATA" and "TAXING PROCEDURES"	\$ 205,671,276 (b)
Direct Debt:	
Outstanding Bonds.....	\$ 18,615,000
The Bonds.....	<u>4,810,000</u>
Total.....	\$ 23,425,000 (c)
Estimated Overlapping Debt.....	\$ <u>7,593,598</u>
Total Direct and Estimated Overlapping Debt.....	\$ 31,018,598 (c)
Direct Debt Ratios	
: as a percentage of 2021 Assessed Valuation.....	12.08 %
: as a percentage of Estimated Valuation at March 1, 2022	11.39 %
Direct and Estimated Overlapping Debt Ratios	
: as a percentage of 2021 Assessed Valuation.....	15.99 %
: as a percentage of Estimated Valuation at March 1, 2022	15.08 %
Debt Service Fund Balance as of April 7, 2022.....	\$ 2,064,967 (d)
General Fund Balance as of April 7, 2022.....	\$ 2,301,914
2021 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$0.67
Maintenance Tax.....	<u>0.59</u>
Total.....	\$ 1.26 (e)
Average Percentage of Total Tax Collections (2011-2020) as of March 31, 2022.....	99.83 %
Percentage of Tax Collections 2021 Levy as of March 31, 2022	98.93 %
(In process of collection.)	
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2023-2048)	\$ 1,360,299
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2023).....	\$ 1,397,078
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2023-2048) at 95% Tax Collections	
Based Upon 2021 Assessed Valuation	\$ 0.74
Based Upon Estimated Valuation at March 1, 2022	\$ 0.70

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual
Debt Service Requirements on the Bonds and the Outstanding Bonds
(2023) at 95% Tax Collections

Based Upon 2021 Assessed Valuation	\$	0.76
Based Upon Estimated Valuation at March 1, 2022	\$	0.72

Number of Single Family Residences as of April 1, 2022 (including 21 residences under construction)	973
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- (a) As of January 1, 2021, and comprises the District’s 2021 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the “Appraisal District”) at 100% of assessed valuation as of January 1 of each year. The District’s tax roll is certified by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”). See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”
- (b) Provided by the Appraisal District for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of March 1, 2022, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2021, through February 28, 2022. No taxes were levied for 2021 against any values added since January 1, 2021. The ultimate Assessed Valuation of any land and improvements added from January 1, 2021, through December 31, 2021, which will be placed on the District’s 2022 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2022. The ultimate Assessed Valuation of any improvements added from January 1, 2022, through February 28, 2022, which will be placed on the District’s 2023 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2023.
- (c) See “DISTRICT DEBT.” In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District will finance the acquisition or construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT,” and “INVESTMENT CONSIDERATIONS - Future Debt.”
- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due on March 1, 2022. The District’s initial payment on the Bonds, consisting of an interest payment thereon, is due on March 1, 2023.
- (e) The District levied a debt service tax of \$0.67 per \$100 of Assessed Valuation and a maintenance tax of \$0.59 per \$100 of Assessed Valuation for 2021. As is enumerated in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2021 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District’s rate, is \$3.0229. Such aggregate levy is higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
UNLIMITED TAX BONDS
SERIES 2022**

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Fort Bend County Municipal Utility District No. 24 (the “District”) of its \$4,810,000 Unlimited Tax Bonds, Series 2022 (the “Bonds”).

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request and payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The 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 resolution (the “Bond Resolution”) of the Board of Directors of the District (the “Board”) authorizing the issuance of the Bonds. A copy of the Bond Resolution may be obtained from the District upon written request made to the District’s Financial Advisor, Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024.

The Bonds are dated June 1, 2022. Interest accrues from the date of initial delivery (the “Date of Delivery”), at the rates shown on the inside cover page hereof, and is payable on March 1, 2023, and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. An aggregate of \$995,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2023 through 2027, both inclusive, 2038 and 2039, in the principal amounts set forth on the inside cover page of this Official Statement. An aggregate of \$3,815,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2029, 2031, 2033, 2035, 2037, 2043 and 2047 (collectively, the “Term Bonds”), in the principal amounts set forth on the inside cover page of this Official Statement. The Bonds are issued in fully registered form and will be issued in denominations of \$5,000 of principal amount or integral multiples thereof. Principal of the Bonds will be payable by the paying agent/registrars, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrars (the “Paying Agent,” “Registrar” or “Paying Agent/Registrar”).

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 (as defined herein) 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 below under “Book-Entry-Only System.”

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

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.

Assignments, Transfers and Exchanges

In the event DTC's book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the Initial Purchaser, any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

Mandatory Redemption

The Term Bonds maturing on September 1 in each of the years 2029, 2031, 2033, 2035, 2037, 2043 and 2047 shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below).

\$275,000 Term Bonds Maturing on September 1, 2029	
<u>Mandatory Redemption Dates</u>	<u>Principal Amount</u>
September 1, 2028	\$135,000
September 1, 2029 (maturity)	140,000

\$305,000 Term Bonds Maturing on September 1, 2031	
<u>Mandatory Redemption Dates</u>	<u>Principal Amount</u>
September 1, 2030	\$150,000
September 1, 2031 (maturity)	155,000

\$345,000 Term Bonds Maturing on September 1, 2033	
<u>Mandatory Redemption Dates</u>	<u>Principal Amount</u>
September 1, 2032	\$170,000
September 1, 2033 (maturity)	175,000

\$375,000 Term Bonds Maturing on September 1, 2035	
<u>Mandatory Redemption Dates</u>	<u>Principal Amount</u>
September 1, 2034	\$185,000
September 1, 2035 (maturity)	190,000

\$410,000 Term Bonds Maturing on September 1, 2037	
<u>Mandatory Redemption Dates</u>	<u>Principal Amount</u>
September 1, 2036	\$200,000
September 1, 2037 (maturity)	210,000

\$995,000 Term Bonds Maturing on September 1, 2043	
<u>Mandatory Redemption Dates</u>	<u>Principal Amount</u>
September 1, 2040	\$230,000
September 1, 2041	245,000
September 1, 2042	255,000
September 1, 2043 (maturity)	265,000

\$1,110,000 Term Bonds Maturing on September 1, 2047
Mandatory Redemption Dates **Principal Amount**

September 1, 2044	\$275,000
September 1, 2045	290,000
September 1, 2046	310,000
September 1, 2047 (maturity)	235,000

On or before 30 days prior to each Mandatory Redemption date set forth above, the Registrar shall (i) determine the principal amount of such Term 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 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 Resolution. The principal amount of Term Bonds of a particular maturity to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bonds, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption

The District reserves the right, at its option, to redeem the outstanding amounts of the Bonds, including the Term Bonds, maturing on and after September 1, 2029, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2027, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be optionally redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by DTC in accordance with its procedures, so long as the Bonds are registered in accordance with the Book-Entry-Only System. See “BOOK- ENTRY-ONLY SYSTEM.” If fewer than all of the Term Bonds of a maturity are to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts of such maturity to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the date fixed for redemption, in the manner specified in the Bond Resolution.

Effects of Redemption

By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the 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 which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Replacement of Registrar

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

Authority for Issuance

At elections held within the District on November 8, 2005 and May 1, 2021, the voters of the District authorized a total of \$187,150,000 bonds for the purpose of acquiring or constructing waterworks, sanitary sewer, and storm drainage system (the “System”). The Bonds constitute the eighth issuance of bonds from such authorizations. The voters also authorized

\$47,100,000 for refunding purposes and \$4,450,000 for recreational facilities at the election held on November 8, 2005. At the election held on May 1, 2021, voters also authorized \$17,380,000 for road facilities and \$8,000,000 for road refunding purposes. After the sale of the Bonds, a total of \$162,250,000 principal amount of unlimited tax bonds for System facilities, \$46,755,000 for refunding purposes, \$4,450,000 for recreational facilities, \$17,380,000 for road facilities, and \$8,000,000 for road refunding purposes will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Texas Commission on Environmental Quality (the "TCEQ").

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.

Outstanding Bonds and Payment Record

The Bonds are the eighth series of bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District. The District has previously issued Unlimited Tax Bonds, Series 2008 (the "Series 2008 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds") and Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds") to finance components of the System. The District also has issued Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds previously issued by the District as the "Prior Bonds." Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was \$18,615,000 (the "Outstanding Bonds"). The District has timely made all payments of principal of and interest on the Prior Bonds. After delivery of the Bonds, the total outstanding amount of the District's direct bonded indebtedness, including the Bonds, is \$23,425,000.

Source of Payment

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

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

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$187,150,000 unlimited tax bonds for construction of water distribution, wastewater collection and storm drainage facilities, and could authorize additional amounts. Following the issuance of the Bonds, \$162,250,000 unlimited tax bonds will remain authorized but unissued. The District's voters also have authorized \$47,100,000 unlimited tax bonds for refunding purposes, \$46,755,000 of which remain authorized but unissued, \$4,450,000 unlimited tax bonds for recreational facilities, all of which remain authorized but unissued, \$17,380,000 unlimited tax bonds for road facilities, all of which remain authorized but unissued, and \$8,000,000 unlimited tax bonds for road refunding purposes, all of which remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ). In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "Use and Distribution of Bond Proceeds" below and "THE SYSTEM"), the District will finance additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "INVESTMENT CONSIDERATIONS - Future Debt."

Based on present engineering cost estimates and on development plans supplied to the District, (see “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS”), in the opinion of the District’s consulting engineer, LJA Engineering, Inc. (the “Engineer”), the remaining \$162,250,000 authorized but unissued bonds will be adequate to finance the extension of water, wastewater and storm drainage facilities and services to the District at the full development of the District. See “DEVELOPMENT AND HOME CONSTRUCTION,” FUTURE DEVELOPMENT,” and “THE SYSTEM.”

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See “INVESTMENT CONSIDERATIONS - Future Debt.”

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Voters of the District approved the issuance of \$4,450,000 park bonds on November 8, 2005. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. When the District issues park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District.

The District also is authorized to acquire road powers. The Texas Commission on Environmental Quality has approved the District’s application to acquire road utility district powers to construct major thoroughfares, collector or arterial roads benefitting the District. At an election held within the District on May 1, 2021, voters of the District authorized the issuance of \$17,380,000 in unlimited tax bonds for construction and acquisition of roads to serve the District, and \$8,000,000 unlimited tax bonds for road refunding purposes.

No Arbitrage

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

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District’s consent, and the City cannot annex territory within the District unless it annexes the entire District; however, under legislation effective December 1, 2017, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the land owners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership

agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See “Strategic Partnership Agreement,” below, for a description of the terms of the Strategic Partnership Agreement between the City and the District.

If the District is annexed, the City of Houston will assume the District’s assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation 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.

Strategic Partnership Agreement

The District entered into a Strategic Partnership Agreement (the “SPA”) with the City of Houston (the “City”) pursuant to Chapter 43 of the Texas Local Government Code on December 10, 2015. The SPA provides for a “limited purpose annexation” of that portion of the District within the City’s extraterritorial jurisdiction that is developed for retail and commercial purposes in order to apply certain City health, safety, planning and zoning ordinances and sales tax within the District. Residential development within the District is not subject to the limited purpose annexation. The SPA provides the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist if the land within the District were to be annexed for full or limited purposes by the City. The SPA also provides that, without the agreement of the District, the City will not annex the District for “full purposes” (a traditional municipal annexation) for at least thirty (30) years, which is 2045 for such purpose.

Registered Owners’ Remedies

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

Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. In addition, any legal action taken to seek any such remedies may be limited by the doctrine of sovereign immunity. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such judgment cannot be enforced by direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See “Bankruptcy Limitation to Registered Owners’ Rights” below and “INVESTMENT CONSIDERATIONS - Registered Owners’ Remedies and Bankruptcy.”

Bankruptcy Limitation to Registered Owners' Rights

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

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

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Resolution.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Use and Distribution of Bond Proceeds

Proceeds of the sale of the Bonds will be used by the District to (i) finance the District’s costs of acquisition or construction of (a) water, wastewater, and drainage facilities to serve Winfield Lakes North, Sections 5 through 7; (b) capital cost payment to Fort Bend County Municipal Utility District No. 23 for Water Plant No. 2, Phase 3 expansion; (c) waterline extension on Chimney Rock Road; (d) remaining costs for Wastewater Treatment Plant, Phase 1; and (e) Winfield Lakes, Phase 2, detention pond and channel improvements; (ii) finance the retirement of the District’s \$2,874,000 Bond Anticipation Note, Series 2021 (the “BAN”), the proceeds of the sale of which the District utilized to interim finance a portion of the aforementioned items; (iii) pay engineering costs associated with the foregoing projects, and Storm Water Pollution Prevention; (iv) pay interest on advances made on behalf of the District; and (v) pay for administrative and issuance costs, legal fees, fiscal advisor’s fees, fees to the TCEQ and the Attorney General of Texas, engineering fees, and certain financing costs related to the issuance of the Bonds.

I. Construction Costs

District’s Share

A. Developer Contribution Items ^(a)	
1. Winfield Lakes North, Section 5 - Water, Wastewater and Drainage	\$382,815
2. Winfield Lakes North, Section 6 - Water, Wastewater and Drainage	386,538
3. Winfield Lakes North, Section 7 - Water, Wastewater and Drainage	463,000
4. Contingencies	46,300
5. Engineering, Geotechnical and Storm Water Pollution Prevention	<u>506,654</u>
Total Developer Contribution Items	\$1,785,307

B. District Items	
1. Water Plant No. 2, Phase 3	\$160,000
2. Chimney Rock Road Waterline Extension	284,797
3. Remaining Costs for Wastewater Treatment Plant, Phase 1	1,181,323
4. Winfield Lakes Phase 2 Detention Pond and Channel Improvements	237,722
5. Contingencies	189,683
6. Engineering, Geotechnical and Storm Water Pollution Prevention	<u>246,109</u>
Total District Items	\$2,299,634
TOTAL CONSTRUCTION COSTS	\$4,084,941

II. Non-Construction Costs

A. Legal Fees	\$135,250
B. Fiscal Agent Fees	96,200
C. Interest	
1. Developer Interest ^(b)	97,976
2. Bond Anticipation Note Interest	86,220
D. Bond Discount	143,792
E. Bond Anticipation Note Issuance Costs	68,023
F. Bond Issuance Expenses	32,755
G. Bond Application Report Costs	47,500
H. Attorney General Fee	4,810
I. TCEQ Bond Issuance Fee	12,025
J. Contingencies ^(c)	<u>508</u>
TOTAL NON-CONSTRUCTION COSTS	<u>\$725,059</u>
TOTAL BOND ISSUE REQUIREMENT	<u>\$4,810,000</u>

- (a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement with respect to certain facilities being financed with portions of the proceeds of the sale of the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds.
- (b) Represents interest owed to the Developer on advances made on the District's behalf. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the Developer borrowed funds.
- (c) The TCEQ directed that any surplus funds resulting from the sale of bonds at a lower interest rate than proposed shall be shown as a contingency line item. The use of these funds is subject to the TCEQ rules.

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

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the Texas Water Commission, predecessor to the TCEQ, dated February 15, 1978, pursuant to the authority of Chapter 54, Texas Water Code, and Article XVI, Section 59 of the Texas Constitution. The creation of the District was confirmed at an election held within the District on November 2, 2004.

The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code. The District is subject to the continuing supervision of the TCEQ.

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 also is empowered to construct major thoroughfares, connector or arterial roads benefitting the District.

The District also is authorized to construct, develop and maintain park and recreational facilities. In addition, the District is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. See “THE BONDS - Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS - Future Debt.”

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation of the District from the City of Houston, within whose extraterritorial jurisdiction the District existed at the time of creation, the District has agreed to observe certain City of Houston requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of Houston of the District’s construction plans and specifications, and the issuance of bonds.

Description

The District contains approximately 773.984 acres of land, including approximately 519.354 acres that were annexed into the District on November 20, 2019. The District is located entirely within Fort Bend County, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the “City”), approximately 20 miles southwest of the central business district of the City. The District is bounded on the south by State Highway 6, and is located west of Farm-to-Market Road 521, and east of the Fort Bend County Toll Road. The District lies wholly within the Fort Bend Independent School District. See “FUTURE DEVELOPMENT,” “AERIAL PHOTOGRAPH OF THE DISTRICT” and “APPENDIX A - LOCATION MAP.”

Management of the District

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

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Brandyn Cottingham	President	2022
Barbara Rozell	Vice President	2024
Debbie Depinet	Secretary	2024
Robby McGinnis	Assistant Vice President/ Assistant Secretary	2022
Vacant	Assistant Secretary	2024

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

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

Consulting Engineers - The District has employed the firm of LJA Engineering, Inc., Houston, Texas, as Consulting Engineer in connection with the overall planning activities and the design and construction of the System. In addition, various other engineers are engaged by the District in connection with the design and construction of portions of the System.

Bookkeeper - The District has engaged Myrtle Cruz, Inc. as the District's Bookkeeper. According to Myrtle Cruz, Inc., it currently serves approximately 359 districts as bookkeeper.

Operator - The District has engaged Municipal District Services, LLC as the District's Operator. According to Municipal District Services, LLC, it currently serves approximately 72 districts as operator.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's auditor for the 2021 fiscal year is McGrath & Co., PLLC, Certified Public Accountants, Houston, Texas. A copy of the District's audit for the fiscal year ended December 31, 2020, is included as "APPENDIX B" to this Official Statement.

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

Disclosure Counsel - McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

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

DEVELOPMENT AND HOME CONSTRUCTION

As of April 1, 2022, the District contained 973 homes, including 21 homes under construction. See "BUILDER." According to the District's Engineer, water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities and street paving have been completed to serve a total of 1,004 fully developed single-family residential lots (approximately 205.5 total acres) within the District as is delineated in the chart that appears below. In addition, as is also delineated in the chart, 65 additional single-family residential lots (approximately 13.1 total acres) are currently under development as Winfield Lakes North, Section 7, with completion expected in approximately July 2022. The District cannot represent that the development of Winfield Lakes North, Section 7 will be completed.

Woodmere (defined below under the caption "DEVELOPER AND OTHER PRINCIPAL LAND OWNERS") has developed 73 single-family residential lots located in the subdivision that has been platted as Winfield Lakes, Section 17 (on approximately 16.1 acres), 350 single-family residential lots located in the subdivisions that have been platted as Winfield Lakes North, Sections 1 through 6 (on approximately 64.9 acres), and is currently developing 65 single-family residential lots located in the subdivision that has been platted as Winfield Lakes North, Section 7 (on approximately 13.1 acres). Reference is made in this Official Statement to Woodmere as the "Developer."

Woodmere owns approximately 43.20 acres of currently undeveloped land located in the District that it expects to develop into approximately 105 future single-family residential lots and BGM Land Investments, Ltd. ("BGM"), a related entity to Woodmere, owns approximately 64.44 acres of currently undeveloped land located in the District that are expected to be developed into approximately 300 future single-family residential lots, although the District cannot represent that the development of any portion thereof will be undertaken.

Woodmere has sold and contracted to sell lots that it has developed in the District to its affiliate, Lake Ridge Builders, which has constructed and is constructing homes in Winfield Lakes North as is described below under the caption “BUILDER” and as is enumerated in the chart that appears below.

Approximately 201.56 acres of currently undeveloped land located within the District are owned by Hannover Estates, Ltd. (“HEL”). Headway Estates, Ltd. (“Headway”) owns approximately 130.38 acres of land located within the District and Sunlake Limited (“Sunlake”) owns approximately 64.52 acres of land located within the District. HEL, Headway and Sunlake are all related parties. Such land is expected to be developed for predominately single-family residential purposes, although no party has any obligation to the District to develop any of such property according to any particular plan of development or at all. Therefore, the District cannot predict the ultimate disposition of such property. See “THE BONDS - Issuance of Additional Debt,” “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS,” “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2021 Taxpayers,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments,” and - “Future Debt.”

Approximately 14 acres within the District are owned by the Fort Bend Independent School District, on which the Rosa Parks Elementary School has been constructed. Such property is not subject to taxation by the District.

Portions of the currently undeveloped acres located within the District are contained within street and/or drainage easements, rights-of-way, lakes and storm water detention ponds, or are otherwise not available for development, as are acres that are located within the platted areas of some of the aforementioned subdivisions.

In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District will finance the acquisition or construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

As of April 1, 2022, the status of lot development and home construction within the District was as follows:

Subdivision	LOTS				HOMES				Totals
	Developed	Acres	Under Development	Acres	Under Construction Sold*	Unsold	Completed Sold*	Unsold	
Winfield Lakes									
Section 8	102	22.9			0	0	102	0	102
Section 9	123	25.0			0	0	123	0	123
Section 11	61	9.9			0	0	61	0	61
Section 12	63	11.0			0	0	63	0	63
Section 13	37	6.7			0	0	37	0	37
Section 14	50	9.7			0	0	50	0	50
Section 15	22	4.3			0	0	22	0	22
Section 16	68	17.3			0	0	68	0	68
Section 17	73	16.1			0	0	73	0	73
Section 18	55	17.7			0	0	55	0	55
Winfield Lakes North									
Section 1	68	11.7			0	0	68	0	68
Section 2	50	9.2			0	0	50	0	50
Section 3	64	11.0			0	0	64	0	64
Section 4	47	8.8			0	0	47	0	47
Section 5	51	10.6			0	0	51	0	51
Section 6	70	13.6			15	6	18	0	39
Section 7			65	13.1	0	0	0	0	0
Totals	1,004	205.5	65	13.1	15	6	952	0	973

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

DEVELOPER AND OTHER PRINCIPAL LAND OWNERS

General

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

Description of the Developer and Other Land Owners

The developer of the 73 single-family residential lots located in the subdivision that has been platted as Winfield Lakes, Section 17 (on approximately 16.1 acres), the 350 single-family residential lots located in the subdivisions that have been platted as Winfield Lakes North, Sections 1 through 6 (on approximately 64.9 acres), and the 65 single-family residential lots that are currently under development located in the subdivision that has been platted as Winfield Lakes North, Section 7 (on approximately 13.1 acres) is Woodmere Development Co., Ltd., a Texas limited partnership ("Woodmere"), the

general partner of which is Woodmere GP, L.L.C., a Texas limited liability company. Woodmere has sold and contracted to sell lots that it has developed in the District to its affiliate, Lake Ridge Builders, which has constructed and is constructing homes on such Winfield Lakes North lots as is described below under the caption “BUILDER” and as is enumerated in the chart that appears above under the caption “DEVELOPMENT AND HOME CONSTRUCTION.” Woodmere owns approximately 43.20 acres of currently undeveloped land located in the District that it expects to develop into approximately 105 future single-family residential lots and BGM Land Investments, Ltd. (“BGM”), a related entity to Woodmere, owns approximately 64.44 acres of currently undeveloped land located in the District that are expected to be developed into approximately 300 future single-family residential lots, although the District cannot represent that the development of any portion thereof will be undertaken.

Reference is made in this Official Statement to Woodmere as the “Developer.”

Approximately 201.56 acres of currently undeveloped land located within the District are owned by Hannover Estates, Ltd. (“HEL”). Headway Estates, Ltd. (“Headway”) owns approximately 130.38 acres of land located within the District and Sunlake Limited (“Sunlake”) owns approximately 64.52 acres of land located within the District. HEL, Headway and Sunlake are all related parties. Such land is expected to be developed for predominately single-family residential purposes, although no party has any obligation to the District to develop any of such property according to any particular plan of development or at all. Therefore, the District cannot predict the ultimate disposition of such property. See “THE BONDS - Issuance of Additional Debt,” “DEVELOPMENT AND HOME CONSTRUCTION,” “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2021 Taxpayers,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments,” and - “Future Debt.”

BUILDER

Woodmere is selling lots that it has developed within the District to its affiliate, Lake Ridge Builders. Lake Ridge Builders is currently constructing homes in Winfield Lakes North which range in size from approximately 1,416 to 3,129 square feet of living area and in sales price from approximately \$313,990 to \$380,990.

Lake Ridge Builders may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

FUTURE DEVELOPMENT

As is described above under the caption “DEVELOPMENT AND HOME CONSTRUCTION,” the development of approximately 205.5 acres of land located within the District into 1,004 single-family residential lots has been completed, and approximately 13.1 acres are being developed into 65 future single-family residential lots. Woodmere owns approximately 43.20 acres of currently undeveloped land located in the District that it expects to develop into approximately 105 future single-family residential lots and BGM Land Investments, Ltd. (“BGM”), a related entity to Woodmere, owns approximately 64.44 acres of currently undeveloped land located in the District that are expected to be developed into approximately 300 future single-family residential lots, although the District cannot represent that the development of any portion thereof will be undertaken. Hannover Estates, Ltd. (“HEL”) owns approximately 201.56 acres of land located within the District, Headway Estates, Ltd. (“Headway”) owns approximately 130.38 acres of land located within the District and Sunlake Limited (“Sunlake”) owns approximately 64.52 acres of land located within the District. HEL, Headway and Sunlake are all related parties. Such land is expected to be developed for predominately single-family residential purposes, although no party has any obligation to the District to develop any of such property according to any particular plan of development or at all. Therefore, the District cannot predict the ultimate disposition of such property. See “THE BONDS - Issuance of Additional Debt,” “DEVELOPMENT AND HOME CONSTRUCTION,” “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS,” “TAX DATA - Principal 2021 Taxpayers,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments,” and - “Future Debt.”

Approximately 14 acres within the District are owned by the Fort Bend Independent School District, on which the Rosa Parks Elementary School has been constructed. Portions of the currently undeveloped acres located within the District are contained within street and/or drainage easements, rights-of-way, lakes and storm water detention ponds, or are otherwise not available for development, as are acres that are located within the platted areas of some of the aforementioned subdivisions.

If any undeveloped portion of the District is eventually developed, additions to the System required to provide service to such undeveloped acreage may be financed by future issues of the District's bonds. In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District will finance the acquisition or construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Based on present engineering cost estimates and on development plans supplied to the District, in the opinion of the District's consulting engineer, LJA Engineering, Inc. (the "Engineer"), the \$162,250,000 authorized but unissued bonds will be adequate to finance the extension of water, wastewater and storm drainage facilities and services to the District at the full development of the District.

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken April 2022)



**FORT BEND COUNTY
MUNICIPAL UTILITY
DISTRICT No. 24**



LAKE OLYMPIA PKWY.

FORT BEND TOLLWAY

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken April 2022)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(taken April 2022)



DISTRICT DEBT

Debt Service Requirement Schedule

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

Year Ending December 31	Current Total Debt Service	Plus: The Bonds		New Total Debt Service
		Principal	Interest	
2022	\$1,089,313			\$1,089,313
2023	1,073,125	\$95,000	\$228,953	1,397,078
2024	1,067,025	105,000	181,838	1,353,863
2025	1,065,488	110,000	177,638	1,353,126
2026	1,059,975	120,000	173,238	1,353,213
2027	1,059,475	125,000	168,438	1,352,913
2028	1,057,788	135,000*	163,438	1,356,226
2029	1,056,363	140,000*	159,388	1,355,751
2030	1,053,675	150,000*	155,188	1,358,863
2031	1,055,775	155,000*	150,313	1,361,088
2032	1,046,538	170,000*	145,275	1,361,813
2033	1,046,662	175,000*	139,325	1,360,987
2034	1,045,750	185,000*	133,200	1,363,950
2035	1,044,112	190,000*	125,800	1,359,912
2036	1,041,688	200,000*	118,200	1,359,888
2037	1,039,762	210,000*	110,200	1,359,962
2038	1,041,475	220,000	101,800	1,363,275
2039	1,047,025	220,000	93,000	1,360,025
2040	1,048,719	230,000*	84,200	1,362,919
2041	1,044,550	245,000*	75,000	1,364,550
2042	1,042,757	255,000*	65,200	1,362,957
2043	1,040,150	265,000*	55,000	1,360,150
2044	1,041,394	275,000*	44,400	1,360,794
2045	1,036,612	290,000*	33,400	1,360,012
2046	1,030,988	310,000*	21,800	1,362,788
2047	1,123,144	235,000*	9,400	1,367,544
2048	1,334,125			1,334,125
	\$28,733,453	\$4,810,000	\$2,913,632	\$36,457,085

Average Annual Requirements: (2023-2048)..... \$1,360,299
 Maximum Annual Requirement: (2023)..... \$1,397,078

* Represents mandatory sinking fund payments on Term Bonds.

Bonded Indebtedness

2021 Assessed Valuation..... (As of January 1, 2021) See “TAX DATA” and “TAXING PROCEDURES”	\$ 193,977,243 (a)
Estimated Valuation at March 1, 2022 See “TAX DATA” and “TAXING PROCEDURES”	\$ 205,671,276 (b)
Direct Debt:	
Outstanding Bonds.....	\$ 18,615,000
The Bonds	<u>4,810,000</u>
Total	\$ 23,425,000 (c)
Estimated Overlapping Debt	\$ <u>7,593,598</u>
Total Direct and Estimated Overlapping Debt	\$ 31,018,598 (c)
Direct Debt Ratios	
: as a percentage of 2021 Assessed Valuation.....	12.08 %
: as a percentage of Estimated Valuation at March 1, 2022	11.39 %
Direct and Estimated Overlapping Debt Ratios	
: as a percentage of 2021 Assessed Valuation.....	15.99 %
: as a percentage of Estimated Valuation at March 1, 2022	15.08 %
Debt Service Fund Balance as of April 7, 2022	\$ 2,064,967 (d)
General Fund Balance as of April 7, 2022.....	\$ 2,301,914
2021 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$0.67
Maintenance Tax.....	<u>0.59</u>
Total	\$ 1.26 (e)
Average Percentage of Total Tax Collections (2011-2020) as of March 31, 2022	99.83 %
Percentage of Tax Collections 2021 Levy as of March 31, 2022	98.93 %
(In process of collection.)	

-
- (a) As of January 1, 2021, and comprises the District’s 2021 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the “Appraisal District”) at 100% of assessed valuation as of January 1 of each year. The District’s tax roll is certified by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”). See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”
- (b) Provided by the Appraisal District for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of March 1, 2022, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2021, through February 28, 2022. No taxes were levied for 2021 against any values added since January 1, 2021. The ultimate Assessed Valuation of any land and improvements added from January 1, 2021, through December 31, 2021, which will be placed on the District’s 2022 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2022. The ultimate Assessed Valuation of any improvements added from January 1, 2022, through February 28, 2022, which will be placed on the District’s 2023 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2023.
- (c) In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and

Distribution of Bond Proceeds” and “THE SYSTEM”), the District will finance the acquisition or construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due on March 1, 2022. The District’s initial payment on the Bonds, consisting of an interest payment thereon, is due on March 1, 2023.
- (e) The District levied a debt service tax of \$0.67 per \$100 of Assessed Valuation and a maintenance tax of \$0.59 per \$100 of Assessed Valuation for 2021. As is enumerated in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2021 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District’s rate, is \$3.0229. Such aggregate levy is higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

Estimated Direct and Overlapping Debt Statement

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

<u>Taxing Jurisdiction</u>	<u>Debt as of March 15, 2022</u>	<u>Estimated Overlapping Percent</u>	<u>Amount</u>
Fort Bend County ⁽ⁱ⁾	\$841,406,248	0.2375%	\$1,997,939
Fort Bend County Drainage District	24,530,000	0.2391%	\$58,654
Fort Bend Independent School District	1,375,535,000	0.4025%	<u>\$5,537,005</u>
Total Estimated Overlapping Debt			\$7,593,598
Total Direct Debt (the Outstanding Bonds and the Bonds)			<u>23,425,000</u>
Total Direct and Estimated Overlapping Debt			\$31,018,598

⁽ⁱ⁾ The Fort Bend County Toll Road Authority bonds are considered to be self-supporting, and are not included in this schedule.

Debt Ratios

	<u>% of 2021 Assessed Valuation</u>	<u>% of Estimated Valuation at March 1, 2022</u>
Direct Debt	12.08%	11.39%
Direct and Estimated Overlapping Debt	15.99%	15.08%

TAX DATA

Debt Service Tax

All taxable property located within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, sufficient to pay principal of and interest on the Outstanding Bonds, the Bonds and any future tax supported bonds which may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. The Board covenants in the Bond Resolution to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. The District levied a debt service tax of \$0.67 per \$100 of Assessed Valuation for 2021.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On November 2, 2004, the District voters authorized the levy of such a maintenance tax in an amount not to exceed \$1.50 per \$100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of \$0.59 per \$100 of Assessed Valuation for 2021.

Tax Rate Limitation

Debt Service: Unlimited (no legal limit as to rate or amount)
 Maintenance: \$1.50 per \$100 Assessed Valuation

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

Tax Year	Assessed Valuation	Tax Rate ^(a)	Total Levy	% Collections	
				Current & Prior Years ^(b)	Year Ended 09/30
2011	\$43,490,868	\$1.35	\$587,127	100.00%	2012
2012	42,241,020	1.43	604,047	100.00	2013
2013	48,423,552	1.36	658,560	100.00	2014
2014	60,389,835	1.35	815,263	100.00	2015
2015	83,393,828	1.30	1,084,120	100.00	2016
2016	113,775,559	1.26	1,433,572	99.60	2017
2017	127,533,306	1.26	1,606,920	99.64	2018
2018	143,551,360	1.26	1,808,747	99.68	2019
2019	161,636,674	1.26	2,036,622	99.68	2020
2020	177,216,468	1.26	2,232,928	99.70	2021
2021	193,977,243	1.26	2,444,113	98.93 ^(c)	2022

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through March 31, 2022. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) As of March 31, 2022. In the process of collection.

Tax Rate Distribution

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt Service	\$0.67	\$0.67	\$0.67	\$0.67	\$0.62
Maintenance & Operations	<u>0.59</u>	<u>0.59</u>	<u>0.59</u>	<u>0.59</u>	<u>0.64</u>
Total	\$1.26	\$1.26	\$1.26	\$1.26	\$1.26

Analysis of Tax Base

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

<u>Type of Property</u>	<u>2021</u>		<u>2020</u>		<u>2019</u>	
	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>
Land	\$36,347,960	18.74%	\$33,680,240	19.01%	\$29,224,840	18.08%
Improvements	176,845,604	91.17%	166,923,766	94.19%	144,370,030	89.32%
Personal Property	1,148,310	0.59%	786,000	0.44%	809,780	0.50%
Exemptions	<u>(20,364,631)</u>	<u>-10.50%</u>	<u>(24,173,538)</u>	<u>-13.64%</u>	<u>(12,767,976)</u>	<u>-7.90%</u>
TOTAL	\$193,977,243	100.00%	\$177,216,468	100.00%	\$161,636,674	100.00%

<u>Type of Property</u>	<u>2018</u>		<u>2017</u>	
	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>
Land	\$27,898,340	19.43%	\$24,646,220	19.33%
Improvements	127,303,520	88.68%	113,546,550	89.03%
Personal Property	599,340	0.42%	568,820	0.44%
Exemptions	<u>(12,249,840)</u>	<u>-8.53%</u>	<u>(11,228,284)</u>	<u>-8.80%</u>
TOTAL	\$143,551,360	100.00%	\$127,533,306	100.00%

Principal 2021 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2021. The information reflects the composition of property ownership reflected on the District's 2021 tax roll. See "DEVELOPER AND OTHER PRINCIPAL LAND OWNERS."

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2021 Tax Roll</u>	<u>% of 2021 Tax Roll</u>
Woodmere Development Co., Ltd. ⁽ⁱ⁾	Land	\$1,231,540	0.63%
Centerpoint Energy Electric	Personal Property	870,580	0.45%
Hannover Estates, Ltd.	Land	539,090	0.28%
Bum Investors, LLC	Land and Improvements	520,720	0.27%
Zillow Homes Property Trust	Land and Improvements	478,740	0.25%
American Residential Leasing Company	Land and Improvements	410,760	0.21%
AMH 2014-1 Borrower LLC ⁽ⁱⁱ⁾	Land and Improvements	398,790	0.21%
AMH 2015-2 Borrower LLC ⁽ⁱⁱ⁾	Land and Improvements	390,460	0.20%
Property Owner	Land and Improvements	363,360	0.19%
Long Lake, Ltd. ⁽ⁱ⁾	Land and Improvements	<u>349,500</u>	<u>0.18%</u>
		\$5,553,540	2.86%

⁽ⁱ⁾ Related parties.

⁽ⁱⁱ⁾ Related parties.

Exemptions

The District has granted a \$10,000 exemption for persons who are disabled or over the age of 65 for tax year 2022.

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2021 Assessed Valuation or the Estimated Valuation at March 1, 2022. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District other than the Bonds and the Prior Bonds.

Average Annual Debt Service Requirements (2023-2048).....	\$1,360,299
Tax Rate of \$0.74 on the 2021 Assessed Valuation (\$193,977,243) produces.....	\$1,363,660
Tax Rate of \$0.70 on the Estimated Valuation at March 1, 2022 (\$205,671,276) produces.....	\$1,367,714
Maximum Annual Debt Service Requirement (2023).....	\$1,397,078
Tax Rate of \$0.76 on the 2021 Assessed Valuation (\$193,977,243) produces.....	\$1,400,516
Tax Rate of \$0.72 on the Estimated Valuation at March 1, 2022 (\$205,671,276) produces.....	\$1,406,792

The District levied a debt service tax of \$0.67 per \$100 of Assessed Valuation and a maintenance tax of \$0.59 per \$100 of Assessed Valuation for 2021. As the above table indicates, the 2021 debt service rate will not be sufficient to pay the Average Annual Debt Service Requirements or the Maximum Debt Service Requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the Estimated Valuation at March 1, 2022, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." However, as is illustrated above under the caption "Historical Values and Tax Collection History," the District has collected an average of 99.83% of its 2011 through 2020 tax levies as of March 31, 2022, and its 2021 tax levy, which is in the process of collection, was 98.93% collected as of such date. Moreover, the District's Debt Service Fund balance was \$2,064,967 as of April 7, 2022. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2021 - \$0.67 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District will finance the acquisition or construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See "THE BONDS - Issuance of Additional Debt," "FUTURE DEVELOPMENT," and "INVESTMENT CONSIDERATIONS - Future Debt."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2021 taxes levied upon property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see “DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement”), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

<u>Taxing Jurisdiction</u>	<u>2021 Tax Rate Per \$100 of A.V.</u>
The District ⁽ⁱ⁾	\$1.2600
Fort Bend County	0.4383
Fort Bend County Drainage District	0.0145
Fort Bend Independent School District	1.2101
Fort Bend County Emergency Service District No. 7	<u>0.1000</u>
Total Tax Rate	\$3.0229

⁽ⁱ⁾ The District levied a total tax rate of \$1.26 per \$100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of \$0.67 and \$0.59 per \$100 of Assessed Valuation, respectively.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see “INVESTMENT CONSIDERATIONS - Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under “THE BONDS - Source of Payment.” Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See “TAX DATA - Maintenance Tax” and - “Tax Rate Distribution.”

Property Tax Code and County-wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares,

and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount to be transferred to a subsequent residence homestead of the surviving spouse.

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

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

Tax Abatement

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

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

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

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

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2021 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developing District.

Additional Penalties

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market

conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS - Tax Collection Limitations."

Tax Payment Installments After Disaster

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

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

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend Drainage District, and, in some instances, the TCEQ and the U.S. Army Corps of Engineers. Fort Bend County and the City of Houston also exercise regulatory jurisdiction over the District's System. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 773.984 acres is 3,288 with a total estimated population of 9,864 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

The District financed a portion of its cost of the construction or acquisition of components of the System, including water distribution, wastewater collection and storm drainage facilities that serve Cambridge Falls, Section 1; Winfield Lakes, Sections 1, 5, 8, 9, 11 through 18; Teal Run, Section 15; Winfield Lakes North, Sections 1 through 3; the District's pro rata share of the cost of Water Plant No. 2 and Wastewater Treatment Plant (Phases 3A and 3B); Remote Water Well No. 1; an offsite wastewater trunk line from Teal Run, Section 15 to serve Winfield Lakes, Section 1; a Cambridge Falls lift station; a lift station to serve Winfield Lakes, Section 7; Long Point Channel Improvements; East Fork of Long Point Creek Channel Improvements; Winfield Lakes linear detention pond (Phases 3 through 5); Detention Basin B6 to serve Winfield Lakes; acquisition costs; capital cost payments to Fort Bend County Municipal Utility District No. 23 for shared water supply and wastewater treatment facilities; a linear detention pond box culvert to serve Winfield Lakes; channel improvements in Long Point Creek; waterline extension on Evergreen Road; sanitary sewer extension on Evergreen Road; and Wastewater Treatment Plant, Phase 1 with the proceeds of the sale of the Prior Bonds. The District will finance its cost of acquisition or construction of water, wastewater, and drainage facilities to serve Winfield Lakes North, Sections 5 through 7; capital cost payment to Fort Bend County Municipal Utility District No. 23 for Water Plant No. 2, Phase 3 expansion; waterline extension on Chimney Rock Road; remaining costs for Wastewater Treatment Plant, Phase 1; Winfield Lakes, Phase 2, detention pond and channel improvements, and other items with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "THE BONDS - Use and Distribution of Bond Proceeds." The District expects to finance the construction or acquisition of additional components of the System

with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Water Supply

The District’s water supply is groundwater provided by Fort Bend County Municipal Utility District No. 23 (“FBCMUD23”), through a Regional Water and Wastewater Treatment Plant, Trunk Lines, Drainage and Detention Agreement (the “Agreement”). Through the Agreement, as amended, the District owns a 41 percent proportionate share of the water plants. FBCMUD23 has a water interconnection with the Vicksburg Joint Powers Board, located along Trammel-Fresno Road at Long Point Creek. FBCMUD23 also has an interconnection with Fort Bend County Fresh Water Supply District No. 1.

The District has financed a portion of the District’s 41% pro rata share of water plant and 18% share of the sewage treatment plant and certain other regional facilities with a portion of the proceeds of the sale of the Prior Bonds pursuant to the Agreement.

According to the District’s Engineer, FBCMUD23’s existing capacity is 6,168 ESFCs. The District’s pro rata share of the existing capacity is 1,100 ESFCs. The District and FBCMUD23 have amended their regional facilities contract to add a third water plant and additional improvements to the regional water system to include the approximately 519 acres that were annexed into the District in 2019.

Wastewater Treatment

The District’s wastewater treatment is provided by FBCMUD23 pursuant to the Agreement. The FBCMUD23 wastewater treatment plant contains a 1.8 million gallons per day (“MGD”) capacity. The District has utilized a portion of the proceeds of the sale of the Prior Bonds to finance its pro rata share of the cost of an expansion of the facility. The District’s pro rata share of the existing capacity is 18%, which is 1,100 ESFCs.

The District will construct its own wastewater treatment plant and trunk lines to serve the development within the approximately 519 acre tract that is owned by Woodmere, BGM, HEL, Headway, and Sunlake. See “THE BONDS - Issuance of Additional Debt,” “DEVELOPMENT AND HOME CONSTRUCTION,” “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS,” “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2021 Taxpayers,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments,” and - “Future Debt.” A TPDES Permit has already been approved and the District has funded a portion of the construction and engineering costs of the first phase of such project with a portion of the proceeds of the sale of the Prior Bonds, and is funding the remaining construction and engineering costs with a portion of the proceeds of the sale of the Bonds.

Outfall Drainage Channel

Storm water from within the District generally drains through underground lines to detention ponds, and outfalls to Long Point Creek. The District financed its portion of the cost of construction of detention pond facilities with a portion of the proceeds of the sale of the Series 2008 Bonds, and its portion of the cost of Long Point Creek and East Fork of Long Point Creek channel improvements, Phase 2 and the remaining land costs for the Winfield Lakes linear detention pond facilities, Phases 3 through 5 with portions of the proceeds of the sale of the Series 2011 Bonds. The District financed its portion of the cost of Detention Basin B6 to serve Winfield Lakes with a portion of the proceeds of the sale of the Series 2017 Bonds and funded Detention Basin B7 with surplus funds. In addition, the District financed its portion of the costs of Winfield Lakes, Phase 3 Detention Box Culvert and Long Point Creek Channel Improvements with funds from its General Fund. The District is financing its portion of the cost of Winfield Lakes, Phase 2 detention pond and channel improvements with a portion of the proceeds of the sale of the Bonds.

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 not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. See “INVESTMENT CONSIDERATIONS - Extreme Weather Events.”

Portions of the District lie within the 100-year flood plain according to the FEMA Community Panel No. 48157C0290J. A Letter of Map Revision (“LOMR”) was filed with FEMA to remove the portion of Winfield Lakes, Sections 9, 11 and 12 which is within the 100-year flood plain from the 100-year flood plain designation. The application was approved on December 31, 2008. A Letter of Map Revision Based on Fill (“LOMR-F”) was filed with FEMA for that portion thereof that lies within the 100-year flood plain. The application was approved on January 9, 2007. A portion of Winfield Lakes North, Sections 6 and 7 lies within the 100-year flood plain. A LOMR was filed with FEMA to remove that portion of Winfield Lakes North, Sections 6 and 7 which is within the 100-year flood plain from the 100-year flood plain designation. The application was approved on May 31, 2007.

Within the 519 acre tract that was annexed into the District in 2019, approximately 26 acres lie within the 100-year flood plain. The District anticipates filing a Letter of Map Revision-Fill (LOMR-F) application to remove the remaining property from the floodplain, once the development layout is finalized.

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

Fort Bend Subsidence District

The District is within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”), which regulates groundwater withdrawal. The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District’s jurisdiction, including the area within the District.

The Subsidence District’s regulations require the District, individually or collectively with other water users, to (i) have prepared a groundwater reduction plan (“GRP”) and obtain certification of the GRP from the Subsidence District by 2011; (ii) have limited groundwater withdrawals to no more than 70% of the total water demand of the water users within the GRP, beginning January 2013; and (iii) limit groundwater withdrawals to no more than 40% of the total water demand of the water users within the GRP, beginning January 2025.

The District may comply with the GRP’s requirements either individually or collectively with other groundwater user(s) within the Subsidence District. The District has joined the City of Missouri City’s GRP. The current GRP fee is \$1.79 per 1,000 gallons of water consumed. The approximately 519 acre annexation tract is located in the North Fort Bend Water Authority (“NFBWA”) whose current GRP fee is \$4.55. The District has entered into a contract with the NFBWA for the approximately 519 acre annexation tract to participate in the NFBWA GRP. The District expects to incur costs on an ongoing basis necessary to comply with the GRP, but the District cannot predict and makes no representation as to the amount of such costs. The District may pass such costs through to its customers in higher water rates or with portions of its maintenance tax proceeds. In addition, the issuance of additional bonds by the District in an undetermined amount and improvements to the District water supply system may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in a regional surface water effort.

The District cannot predict the level of the disincentive fee or any other fees or charges ultimately adopted by the Subsidence District. The disincentive fee is expected to be substantial and the District expects that it would need to pass such a fee through to its customers in higher water rates or with portions of its maintenance tax proceeds if it were unable to comply with the groundwater reduction plan deadline or the conversion deadlines contained in the GRP.

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, credit availability, energy availability and cost, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see "Potential Effects of Oil Price Fluctuations on the Houston Area" below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although, as is described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," and "DEVELOPER AND OTHER PRINCIPAL LAND OWNERS" (i) the development of 1,004 single-family residential lots is complete within the District, and the development of 65 additional single-family residential lots is currently underway in the District, (ii) as of April 1, 2022, the District contained 973 single-family homes (including 21 homes under construction), and (iii) Lake Ridge Builders is currently constructing homes within the District as is described in this Official Statement under the caption "BUILDER," the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date.

National Economy: The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although, as is described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," and "DEVELOPER AND OTHER PRINCIPAL LAND OWNERS" (i) the development of 1,004 single-family residential lots is complete within the District, and the development of 65 additional single-family residential lots is currently underway in the District, (ii) as of April 1, 2022, the District contained 973 single-family homes (including 21 homes under construction), and (iii) Lake Ridge Builders is currently constructing homes within the District as is described in this Official Statement under the caption "BUILDER," the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing markets or a downturn in the national housing and financial markets may have on the Houston market generally and the District specifically, or the maintenance of assessed values in the District. See "TAXING PROCEDURES."

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity and commercial construction, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale and land owners are able to finance construction of vertical commercial improvements. Interest rate levels may affect the ability of a developer with undeveloped property to undertake

and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or home construction within the District. In addition, since the District is located approximately 20 miles southwest of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans as well as construction of vertical commercial improvements in the District and restrain the growth of the District's property tax base.

Developer/Builder/Land Owner Obligation to the District: The ability of Woodmere, BGM, Lake Ridge Builders, HEL, Headway or Sunlake (defined in this Official Statement under the captions "DEVELOPER AND OTHER PRINCIPAL LAND OWNERS" and "BUILDER"), or any other principal taxpayer within the District to make full and timely payments of taxes levied against their property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. There is no commitment by or legal requirement of Woodmere, BGM, HEL, Headway, Sunlake or any other party to the District to proceed at any particular rate or according to any specified plan with the development of land in the District (see "DEVELOPMENT AND HOME CONSTRUCTION"), or of Lake Ridge Builders or any other home building company to proceed at any particular pace with the construction of homes in the District (see "BUILDER"), and there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See "FUTURE DEVELOPMENT."

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be \$1,397,078 (2023) and the Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds will be \$1,360,299 (2023 through 2048, inclusive). The District's 2021 Assessed Valuation of property located within the District is \$193,977,243. Assuming no increase to nor decrease from the 2021 Assessed Valuation and the issuance of no additional bonds by the District, tax rates of \$0.76 and \$0.74 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District's Estimated Valuation at March 1, 2022, of property located within the District supplied by the Appraisal District is \$205,671,276. Assuming no increase to nor decrease from the Estimated Valuation at March 1, 2022, and the issuance of no additional bonds by the District, tax rates of \$0.72 and \$0.70 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. See "TAX DATA - Tax Rate Calculations."

The District levied a debt service tax of \$0.67 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.59 per \$100 of Assessed Valuation for 2021. As the above calculations indicate, the 2021 debt service rate will not be sufficient to pay the Average Annual Debt Service Requirements or the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the Estimated Valuation at March 1, 2022, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, as is illustrated in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District has collected an average of 99.83% of its 2011 through 2020 tax levies as of March 31, 2022, and its 2021 tax levy, which is in the process of collection, was 98.93% collected as of such date. Moreover, the District's Debt Service Fund balance was \$2,064,967 as of April 7, 2022. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2021 - \$0.67 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. Increases in the District's tax rate to higher levels than the total \$1.26 per \$100 of Assessed Valuation rate which the District levied for 2021 may have an adverse impact upon future development of the District, the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition to

the water distribution, wastewater collection, and storm drainage/detention facilities that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceed of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District will finance the acquisition or construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt.”

As is enumerated in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2021 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District’s rate, is \$3.0229 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

Tax Collection Limitations

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

Registered Owners’ Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgement for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

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

The District may not be placed into bankruptcy involuntarily.

Future Debt

The District reserved in the Bond Resolution the right to issue the remaining \$162,250,000 unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities, the \$46,755,000 for refunding purposes, the \$4,450,000 for recreational facilities, the \$17,380,000 for road facilities, the \$8,000,000 for road refunding purposes, and such additional bonds as may hereafter be approved by the voters of the District. All of the remaining bonds described above for waterworks, wastewater and drainage facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$162,250,000 bonds for waterworks, wastewater and drainage facilities and \$4,450,000 bonds for recreational facilities is also subject to TCEQ authorization. In addition to the water distribution, wastewater collection, and storm drainage/detention facilities that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceed of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District will finance the acquisition or construction of additional components of the System with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. See “THE BONDS - Issuance of Additional Debt” and “THE SYSTEM.”

The District’s Engineer currently estimates that the aforementioned remaining \$162,250,000 authorized bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities necessary to provide service to all of the currently undeveloped portions of the District. See “Maximum Impact on District Tax Rates” above, “THE BONDS,” “FUTURE DEVELOPMENT,” “DEVELOPMENT AND HOME CONSTRUCTION” and “THE SYSTEM.” If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds and the Outstanding Bonds. See “THE BONDS - Issuance of Additional Debt.”

Competitive Nature of Houston Residential Housing Market

The housing industry in the Houston metropolitan area is very competitive, and the District can give no assurance that the building programs which are planned by Lake Ridge Builders or any future home builder(s) will be continued or completed. The respective competitive positions of Woodmere (see “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS”), and any other party which might attempt future development projects in the District in the sale of developed lots or of Lake Ridge Builders (see “BUILDER”) or any other home builder(s) which might attempt future home building projects in the District in the construction and sale of single family residential units are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Approval of the Bonds

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

Continuing Compliance with Certain Covenants

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

Marketability

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

Environmental Regulations

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

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

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

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

While the EPA has revoked the 1997 Ozone Standards, the EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area “anti-backsliding” requirements, despite the fact that HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, the EPA approved the TCEQ’s “redesignation substitute” for the HGB Area under the revoked 1997 Ozone Standards, leaving the HGB Area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

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

The HGB Area is currently designated as a “serious” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a “marginal” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded

the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

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

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

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of "waters of the United States." On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States." Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Extreme Weather Events

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

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e., "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's Operator, there was no interruption of water and sewer service during or immediately after the storm. The District's Operator reported that manholes at the regional wastewater treatment plant and near the intersection of Tremont and Winfield Lakes Boulevard collapsed. These manholes, which are facilities the District shares with Fort Bend County Municipal Utility District No. 23, have since been repaired. Further, according to the District's Operator and Engineer, no taxable improvements within the District appear to have experienced flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

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

Infectious Disease Outbreak (COVID-19)

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

Over the ensuing years, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no state 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 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 recent fluctuations in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District’s share of operations and maintenance expenses payable from ad valorem taxes.

Changes in Tax Legislation

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

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel for the District, to a like effect. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Bond Counsel's opinion will also address the matters described below under "TAX MATTERS."

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheadings - "Book-Entry-Only System," and - "Use and Distribution of Bond Proceeds"), "THE DISTRICT - Authority," and - "Bond Counsel and General Counsel," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the provisions of the Order of the TCEQ approving the Bonds and to the requirements of the City of Houston with respect to the sale of the Bonds. 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 for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

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

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

No-Litigation Certificate

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

No Material Adverse Change

The obligation of the Underwriter to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale. The rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption “TAX MATTERS” generally applies, except as otherwise provided below, to original issue discount on a Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Underwriter has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm’s-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Qualified Tax-Exempt Obligations

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

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

District under the Code have not designated more than \$10,000,000 in “qualified tax exempt obligations” (including the Bonds) during calendar year 2022.

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

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District’s records, the Engineer, the Developer (see “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS”), the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made by the District as to the accuracy or completeness of the information contained herein, except as described below under “Certification as to Official Statement.” The summaries of the statutes, contracts, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The District’s financial statements for the fiscal year ended December 31, 2020, were audited McGrath & Co., PLLC, Certified Public Accountants, and have been included herein as “APPENDIX B.” McGrath & Co., PLLC, Certified Public Accountants, has agreed to the publication of such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled “THE BONDS - Use and Distribution of Bond Proceeds,” “THE DISTRICT” and “THE SYSTEM” has been provided by LJA Engineering, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Certification as to Official Statement

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

Updating of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and Beneficial Owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) or any successor to its functions as a repository through its Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings “DISTRICT DEBT,” “TAX DATA” and in “APPENDIX B.” The District will update and provide this information within six months after the end of each fiscal year ending in and after 2021.

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’s audit is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements within the required time, and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect beneficial owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, 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 holders and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 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 Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

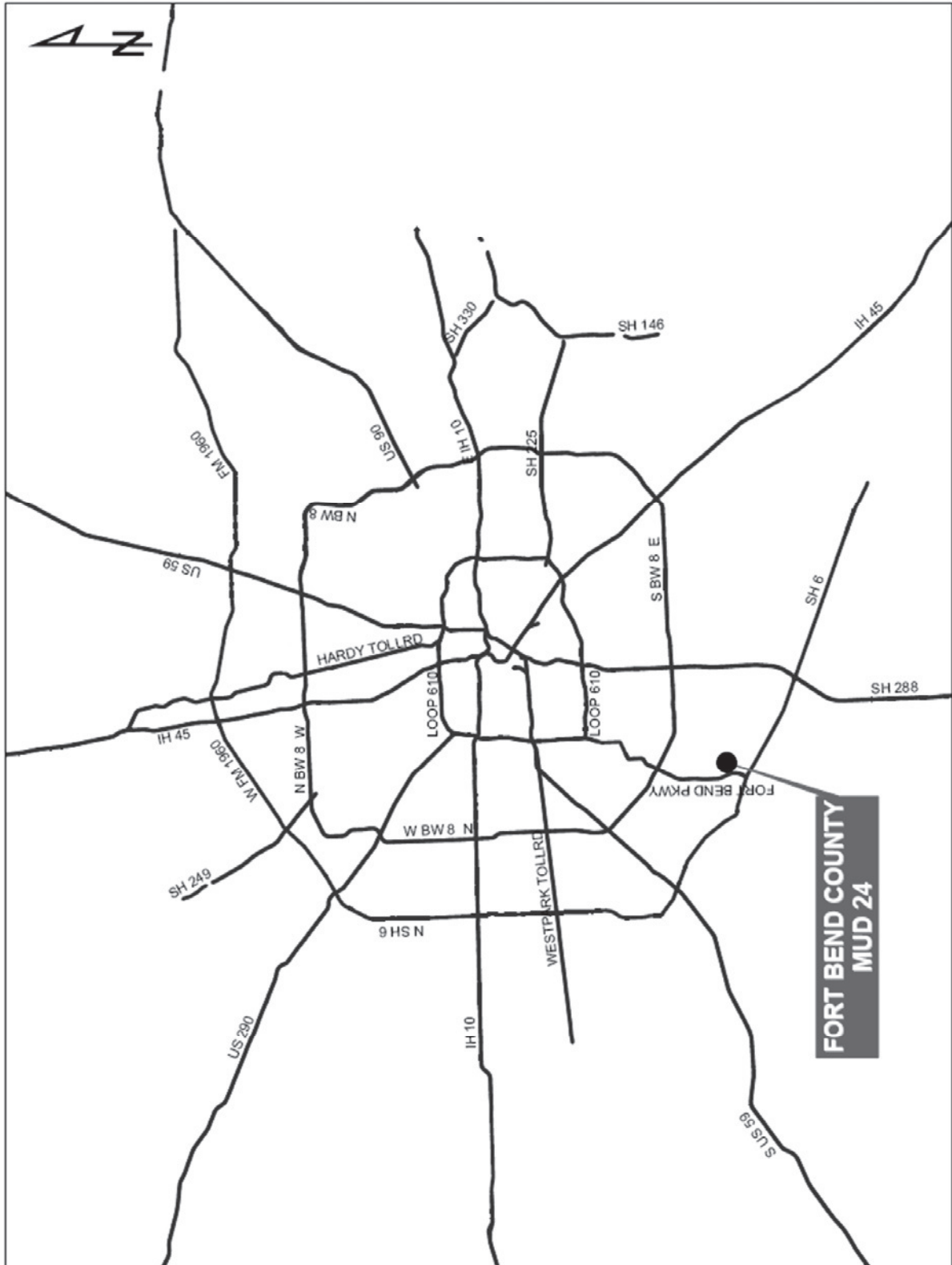
This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 24 as of the date shown on the first page hereof.

/s/ Brandyn Cottingham
 President, Board of Directors
 Fort Bend County Municipal Utility District No. 24

ATTEST:

/s/ Debbie Depinet
 Secretary, Board of Directors
 Fort Bend County Municipal Utility District No. 24

APPENDIX A
LOCATION MAP



APPENDIX B

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 24

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

DECEMBER 31, 2020

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 24**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

December 31, 2020

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McGRATH & CO., PLLC

Certified Public Accountants
2500 Tanglewilde, Suite 340
Houston, Texas 77063

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 24
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 24, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Board of Directors
Fort Bend County Municipal Utility District No. 24
Fort Bend County, Texas***

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 24, as of December 31, 2020, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

W.C. Gatt & Co, P.C.C.

Houston, Texas
May 6, 2021

Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 24
Management's Discussion and Analysis
December 31, 2020***

Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 24 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2020. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

**Fort Bend County Municipal Utility District No. 24
Management's Discussion and Analysis
December 31, 2020**

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at December 31, 2020, was negative \$1,985,254. A comparative summary of the District's overall financial position, as of December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 7,807,445	\$ 4,139,887
Capital assets	<u>12,285,538</u>	<u>12,048,609</u>
Total assets	<u>20,092,983</u>	<u>16,188,496</u>
Total deferred outflows of resources	<u>126,441</u>	<u>134,676</u>
Current liabilities	881,756	822,456
Long-term liabilities	<u>19,083,927</u>	<u>15,755,515</u>
Total liabilities	<u>19,965,683</u>	<u>16,577,971</u>
Total deferred inflows of resources	<u>2,238,995</u>	<u>2,042,152</u>
Net position		
Net investment in capital assets	(4,340,750)	(3,877,221)
Restricted	866,480	744,074
Unrestricted	<u>1,489,016</u>	<u>836,196</u>
Total net position	<u>\$ (1,985,254)</u>	<u>\$ (2,296,951)</u>

**Fort Bend County Municipal Utility District No. 24
Management's Discussion and Analysis
December 31, 2020**

The total net position of the District increased during the current fiscal year by \$311,697. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2020</u>	<u>2019</u>
Revenues		
Property taxes, penalties and interest	\$ 2,054,463	\$ 1,839,776
Water and sewer service	484,938	458,997
Other	265,287	250,303
Total revenues	<u>2,804,688</u>	<u>2,549,076</u>
Expenses		
Current service operations	1,238,143	1,808,257
Debt interest and fees	653,973	595,630
Developer interest		82,589
Debt issuance costs	300,583	133,645
Depreciation and amortization	300,292	290,934
Total expenses	<u>2,492,991</u>	<u>2,911,055</u>
Change in net position	311,697	(361,979)
Net position, beginning of year	<u>(2,296,951)</u>	<u>(1,934,972)</u>
Net position, end of year	<u>\$ (1,985,254)</u>	<u>\$ (2,296,951)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2020, were \$5,228,794, which consists of \$1,477,200 in the General Fund, \$1,060,396 in the Debt Service Fund and \$2,691,198 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 2,830,954</u>	<u>\$ 2,116,502</u>
Total liabilities	\$ 293,520	\$ 324,059
Total deferred inflows	1,060,234	968,652
Total fund balance	<u>1,477,200</u>	<u>823,791</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,830,954</u>	<u>\$ 2,116,502</u>

***Fort Bend County Municipal Utility District No. 24
Management's Discussion and Analysis
December 31, 2020***

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

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 1,697,969	\$ 1,558,801
Total expenditures	<u>(1,229,127)</u>	<u>(3,035,571)</u>
Revenues over/(under) expenditures	468,842	(1,476,770)
Other changes in fund balance	184,567	138,150
Net change in fund balance	<u>\$ 653,409</u>	<u>\$ (1,338,620)</u>

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2019 levy was recognized as revenues in the 2020 fiscal year, while the 2018 levy was recognized in the 2019 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from prior year because assessed values increased from prior year.
- Water, sewer, and ground water reduction plan revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 2,285,293</u>	<u>\$ 2,023,376</u>
Total liabilities	\$ 12,272	\$ 3,372
Total deferred inflows	1,212,625	1,106,835
Total fund balance	<u>1,060,396</u>	<u>913,169</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 2,285,293</u>	<u>\$ 2,023,376</u>

***Fort Bend County Municipal Utility District No. 24
Management's Discussion and Analysis
December 31, 2020***

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

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 1,103,647	\$ 981,285
Total expenditures	<u>(956,420)</u>	<u>(963,289)</u>
Revenues over expenditures	147,227	17,996
Other changes in fund balance		155,000
Net change in fund balance	<u>\$ 147,227</u>	<u>\$ 172,996</u>

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

During the previous fiscal year, the District issued \$1,295,000 in refunding bonds to refund \$1,140,000 of its outstanding Series 2011 bonds. This refunding will save the District \$147,305 future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Total assets	<u>\$ 2,691,198</u>	<u>\$ 9</u>
Total fund balance	<u>\$ 2,691,198</u>	<u>\$ 9</u>

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

	<u>2020</u>	<u>2019</u>
Total revenues	\$ 2,543	\$ 89
Total expenditures	<u>(386,787)</u>	<u>(99)</u>
Revenues under expenditures	(384,244)	(10)
Other changes in fund balance	3,075,433	(138,150)
Net change in fund balance	<u>\$ 2,691,189</u>	<u>\$ (138,160)</u>

The District's capital asset activity in the current year was financed with proceeds from the issuance of its Series 2020 Unlimited Tax Bonds. During the previous fiscal year, the District transferred \$138,150 from the Capital Projects Fund to the General Fund to cover a portion of developer reimbursements.

*Fort Bend County Municipal Utility District No. 24
Management's Discussion and Analysis
December 31, 2020*

General Fund Budgetary Highlights

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$315,925 greater than budgeted. The *Budgetary Comparison Schedule* on page 34 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at December 31, 2020 and 2019 are summarized as follows:

	<u>2020</u>	<u>2019</u>
Capital assets not being depreciated		
Land and improvements	\$ 1,701,661	\$ 1,701,661
Construction in progress	116,124	
	<u>1,817,785</u>	<u>1,701,661</u>
Capital assets being depreciated/amortized		
Infrastructure	11,762,870	11,341,773
Investment in regional facilities	1,670,466	1,670,466
Landscaping improvements	35,463	35,463
	<u>13,468,799</u>	<u>13,047,702</u>
Less accumulated depreciation/amortization		
Infrastructure	(2,540,553)	(2,279,155)
Investment in regional facilities	(442,763)	(405,642)
Landscaping improvements	(17,730)	(15,957)
	<u>(3,001,046)</u>	<u>(2,700,754)</u>
Depreciable capital assets, net	<u>10,467,753</u>	<u>10,346,948</u>
Capital assets, net	<u>\$ 12,285,538</u>	<u>\$ 12,048,609</u>

Capital asset additions during the current year include utilities to serve Winfield Lakes North, Section 5. The District's construction in progress is for engineering fees related to the wastewater treatment plant.

*Fort Bend County Municipal Utility District No. 24
Management's Discussion and Analysis
December 31, 2020*

Long-Term Debt and Related Liabilities

As of December 31, 2020, the District owes approximately \$616,209 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$405,164 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At December 31, 2020 and 2019, the District had total bonded debt outstanding as shown below:

Series	2020	2019
2011	\$ -	\$ 20,000
2014	1,250,000	1,275,000
2015 Refunding	2,500,000	2,620,000
2016	3,200,000	3,225,000
2017	5,220,000	5,320,000
2018	2,275,000	2,280,000
2019 Refunding	1,270,000	1,280,000
2020	3,260,000	
	\$ 18,975,000	\$ 16,020,000

During the current year, the District issued \$3,260,000 in unlimited tax bonds. At December 31, 2020, the District had \$58,410,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; \$4,450,000 for parks and recreational facilities; and \$46,755,000 for refunding purposes.

**Fort Bend County Municipal Utility District No. 24
 Management's Discussion and Analysis
 December 31, 2020**

Next Year's Budget

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

	<u>2020 Actual</u>	<u>2021 Budget</u>
Total revenues	\$ 1,697,969	\$ 1,755,337
Total expenditures	<u>(1,229,127)</u>	<u>(1,527,080)</u>
Revenues over expenditures	468,842	228,257
Other changes in fund balance	<u>184,567</u>	<u> </u>
Net change in fund balance	653,409	228,257
Beginning fund balance	<u>823,791</u>	<u>1,477,200</u>
Ending fund balance	<u><u>\$ 1,477,200</u></u>	<u><u>\$ 1,705,457</u></u>

Property Taxes

The District's property tax base increased approximately \$16,049,000 for the 2020 tax year from \$161,649,174 to \$177,698,048. This increase was primarily due to new construction in the District. For the 2020 tax year, the District has levied a maintenance tax rate of \$0.59 per \$100 of assessed value and a debt service tax rate of \$0.67 per \$100 of assessed value, for a total combined tax rate of \$1.26 per \$100. These are the same rates levied for the 2019 tax year.

Infectious Disease Outlook (COVID-19)

As further discussed in Note 12, the World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory virus currently affecting many parts of the world, including the United States and Texas. The pandemic has negatively affected the economic growth and financial markets worldwide and within Texas. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak could have an adverse effect on the District's operations and financial condition by negatively affecting property taxes and ad valorem tax revenues within the District.

Basic Financial Statements

Fort Bend County Municipal Utility District No. 24
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 387,462	\$ 2,565,441	\$ 2,697,507	\$ 5,650,410	\$ -	\$ 5,650,410
Investments	1,286,243	487,766		1,774,009		1,774,009
Taxes receivable	125,131	150,728		275,859		275,859
Customer service receivables, net	83,812			83,812		83,812
Internal balances	925,768	(919,459)	(6,309)			
Other receivables	5,768	817		6,585		6,585
Prepaid items	2,140			2,140		2,140
Operating reserve - wastewater treatment plant	14,630			14,630		14,630
Capital assets not being depreciated					1,817,785	1,817,785
Capital assets, net					10,467,753	10,467,753
Total Assets	\$ 2,830,954	\$ 2,285,293	\$ 2,691,198	\$ 7,807,445	12,285,538	20,092,983
Deferred Outflows of Resources						
Deferred difference on refunding					126,441	126,441
Liabilities						
Accounts payable	\$ 144,094	\$ -	\$ -	\$ 144,094		144,094
Other payables	9,571	12,272		21,843		21,843
Unearned revenues	8,650			8,650		8,650
Customer deposits	128,205			128,205		128,205
Builder deposits	3,000			3,000		3,000
Accrued interest payable					215,964	215,964
Due to developers					616,209	616,209
Long-term debt						
Due within one year					360,000	360,000
Due after one year					18,467,718	18,467,718
Total Liabilities	293,520	12,272		305,792	19,659,891	19,965,683
Deferred Inflows of Resources						
Deferred property taxes	1,060,234	1,212,625		2,272,859	(33,864)	2,238,995
Fund Balances/Net Position						
Fund Balances						
Nonspendable	16,770			16,770	(16,770)	
Restricted		1,060,396	2,691,198	3,751,594	(3,751,594)	
Unassigned	1,460,430			1,460,430	(1,460,430)	
Total Fund Balances	1,477,200	1,060,396	2,691,198	5,228,794	(5,228,794)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 2,830,954	\$ 2,285,293	\$ 2,691,198	\$ 7,807,445		
Net Position						
Net investment in capital assets					(4,340,750)	(4,340,750)
Restricted for debt service					866,480	866,480
Unrestricted					1,489,016	1,489,016
Total Net Position					\$ (1,985,254)	\$ (1,985,254)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 24

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

For the Year Ended December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	\$ 235,874	\$ -	\$ -	\$ 235,874	\$ -	\$ 235,874
Sewer service	249,064			249,064		249,064
Property taxes	952,715	1,081,489		2,034,204	(1,261)	2,032,943
Penalties and interest	8,299	11,431		19,730	1,790	21,520
Tap connection and inspection	102,790			102,790		102,790
Groundwater reduction plan fees	138,426			138,426		138,426
Miscellaneous	2,694			2,694		2,694
Investment earnings	8,107	10,727	2,543	21,377		21,377
Total Revenues	1,697,969	1,103,647	2,543	2,804,159	529	2,804,688
Expenditures/Expenses						
Current service operations						
Purchased services	248,429			248,429		248,429
Professional fees	220,399		8,410	228,809		228,809
Contracted services	382,580	31,225		413,805		413,805
Repairs and maintenance	121,237			121,237		121,237
Groundwater reduction plan fees	139,594			139,594		139,594
Administrative	58,137	2,513		60,650		60,650
Other	20,259	5,198	162	25,619		25,619
Capital outlay	38,492		77,632	116,124	(116,124)	
Debt service						
Principal		305,000		305,000	(305,000)	
Interest and fees		612,484		612,484	41,489	653,973
Debt issuance costs			300,583	300,583		300,583
Depreciation and amortization					300,292	300,292
Total Expenditures/Expenses	1,229,127	956,420	386,787	2,572,334	(79,343)	2,492,991
Revenues Over/ (Under)						
Expenditures	468,842	147,227	(384,244)	231,825	(231,825)	
Other Financing Sources/(Uses)						
Proceeds from sale of bonds			3,260,000	3,260,000	(3,260,000)	
Internal transfers	184,567		(184,567)			
Net Change in Fund Balances	653,409	147,227	2,691,189	3,491,825	(3,491,825)	
Change in Net Position					311,697	311,697
Fund Balance/Net Position						
Beginning of the year	823,791	913,169	9	1,736,969	(4,033,920)	(2,296,951)
End of the year	\$1,477,200	\$1,060,396	\$2,691,198	\$5,228,794	\$ (7,214,048)	\$ (1,985,254)

See notes to basic financial statements.

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***Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020***

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 24 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation and Annexation

The District was organized, created and established pursuant to an order of the Texas Water Commission, statutory predecessor to the Texas Commission on Environmental Quality (“TCEQ”), dated February 15, 1978, and operates in accordance with the Texas Water Code, Chapters 49 and 54. On October 26, 2018, the TCEQ approved an order authorizing the District to acquire road powers in accordance with the Texas Water Code, Chapters 54 and 30 and the Texas Administration Code 293.201 and 293.202. The Board of Directors held its first meeting on July 16, 2004 and the first bonds were issued on January 16, 2008.

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

On November 20, 2019, the District adopted an order annexing approximately 519.354 acres of land into the District. As of December 31, 2020, the District contains approximately 773.894 acres of land.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At December 31, 2020, an allowance of \$1,800 were provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes was not considered necessary.

Unbilled Service Revenues

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

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	45 years
Investment in regional facilities	45 years
Landscaping Improvements	20 years

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

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2020 property tax levy are not considered current year revenues and, consequently, are also reported as deferred property taxes.

Deferred outflows of financial resources at the government-wide level are from a refunding bond transaction in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense. Deferred inflows of financial resources at the government-wide level consist of the 2020 property tax levy, which was levied to finance the 2021 fiscal year.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and operating reserves paid to Fort Bend County Municipal Utility District No. 23 for the joint facilities (see Note 9).

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds	\$ 5,228,794
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 15,286,584	
Less accumulated depreciation/amortization	<u>(3,001,046)</u>	
Change due to capital assets		12,285,538

The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.

126,441

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds, the difference consists of:

Bonds payable, net	(18,827,718)	
Interest payable on bonds	<u>(215,964)</u>	
Change due to long-term debt		(19,043,682)

Amounts due to the District's developers for prefunded construction are recorded as a liability in the *Statement of Net Position*.

(616,209)

The unavailable portion of property taxes receivable and collections of the 2020 property tax levy are reported as deferred inflows in the fund financial statements. In the government wide statements, however, deferred inflows consist of the entire 2020 property tax levy.

Fund level deferred property taxes	2,272,859	
Government wide level deferred property taxes	<u>(2,238,995)</u>	
		33,864

Total net position - governmental activities

\$ (1,985,254)

Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020

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

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

Net change in fund balances - total governmental funds \$ 3,491,825

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. 529

Governmental funds report capital outlays for the construction of capital assets and reimbursements to developers as expenditures. However, in the *Statement of Activities*, the cost of capital assets is charged to expense over of the estimated useful life of the asset.

Capital outlays	\$ 116,124	
Depreciation/amortization expense	(300,292)	
		(184,168)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Issuance of long term debt	(3,260,000)	
Principal payments	305,000	
Interest expense accrual	(41,489)	
		(2,996,489)

Change in net position of governmental activities		\$ 311,697
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020

Note 3 – Deposits and Investments (continued)

Investments

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

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

As of December 31, 2020, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 246,459			
	Debt Service	487,766			
		<u>734,225</u>	41.39%	N/A	N/A
TexPool	General	600,166		AAAm	37 days
		<u>600,166</u>	33.83%		
TexSTAR	General	<u>439,618</u>	24.78%	AAAm	45 days
Total		<u>\$ 1,774,009</u>	<u>100.00%</u>		

The District's investments in certificates of deposit are reported at cost.

Note 3 – Deposits and Investments (continued)

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

TexSTAR

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

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

Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

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

*Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020*

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at December 31, 2020, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 929,266	Maintenance tax collections not remitted as of year end
Debt Service Fund	General Fund	9,807	Proceeds from the sale of refunding bonds in excess of issuance costs paid by the General Fund
General Fund	Capital Projects Fund	6,309	Capital outlay paid by the General Fund

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

During the current year, the District transferred \$184,567 from the Capital Projects Fund to the General Fund to reimburse engineering fees related to the construction of Wastewater Treatment Plant Phase 1 and bond application costs.

Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2020, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 1,701,661	\$ -	\$ 1,701,661
Construction in progress		116,124	116,124
	<u>1,701,661</u>	<u>116,124</u>	<u>1,817,785</u>
Capital assets being depreciated/amortized			
Infrastructure	11,341,773	421,097	11,762,870
Investment in regional facilities	1,670,466		1,670,466
Landscaping improvements	35,463		35,463
	<u>13,047,702</u>	<u>421,097</u>	<u>13,468,799</u>
Less accumulated depreciation/amortization			
Infrastructure	(2,279,155)	(261,398)	(2,540,553)
Investment in regional facilities	(405,642)	(37,121)	(442,763)
Landscaping improvements	(15,957)	(1,773)	(17,730)
	<u>(2,700,754)</u>	<u>(300,292)</u>	<u>(3,001,046)</u>
Subtotal depreciable capital assets, net	<u>10,346,948</u>	<u>120,805</u>	<u>10,467,753</u>
Capital assets, net	<u>\$ 12,048,609</u>	<u>\$ 236,929</u>	<u>\$ 12,285,538</u>

Depreciation/amortization expense for the current year was \$300,292.

Note 6 – Due to Developers

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

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

Due to developers, beginning of year	\$ 195,112
Developer funded construction and adjustments	<u>421,097</u>
Due to developers, end of year	<u>\$ 616,209</u>

Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020

Note 6 – Due to Developers (continued)

In addition, the District will owe the developers approximately \$405,164 which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, this project will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Winfield Lake North Section 6 - utilities	\$ 405,164	\$ 325,087	\$ 80,077

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 18,975,000
Unamortized discounts	(147,282)
	<u>\$ 18,827,718</u>
Due within one year	<u>\$ 360,000</u>

The District’s bonds payable at December 31, 2020, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2014	\$ 1,250,000	\$ 1,350,000	2.00% - 4.50%	September 1, 2017/2040	March 1, September 1	September 1, 2021
2015 Refunding	2,500,000	3,065,000	2.00% - 4.00%	September 1, 2016/2035	March 1, September 1	September 1, 2022
2016	3,200,000	3,250,000	2.00% - 4.00%	September 1, 2019/2045	March 1, September 1	September 1, 2023
2017	5,220,000	5,320,000	2.50% - 5.00%	September 1, 2020/2046	March 1, September 1	September 1, 2024
2018	2,275,000	2,280,000	3.125% - 5.00%	September 1, 2020/2047	March 1, September 1	September 1, 2023
2019 Refunding	1,270,000	1,295,000	2.00% - 3.375%	September 1, 2019/2038	March 1, September 1	September 1, 2024
2020	3,260,000	3,260,000	2.00% - 4.00%	September 1, 2022/2048	March 1, September 1	September 1, 2025
	<u>\$ 18,975,000</u>					

*Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020*

Note 7 – Long-Term Debt (continued)

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

At December 31, 2020, the District had authorized but unissued bonds in the amount of \$58,410,000 for water, sewer and drainage facilities; \$4,450,000 for park and recreational facilities; and \$46,755,000 for refunding purposes.

On March 10, 2020, the District issued its \$3,260,000 Series 2020 Unlimited Tax Bonds at a net effective interest rate of 2.747443%. Proceeds of the bonds will be used to (1) finance the construction of the Wastewater Treatment Plant, Phase 1, and pay engineering fees associated with the foregoing project; and (2) pay for administrative and issuance costs related to the issuance of the bonds.

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

Bonds payable, beginning of year	\$ 16,020,000
Bonds issued	3,260,000
Bonds retired	<u>(305,000)</u>
Bonds payable, end of year	<u>\$ 18,975,000</u>

Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020

Note 7 – Long-Term Debt (continued)

As of December 31, 2020, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2021	\$ 360,000	\$ 642,539	\$ 1,002,539
2022	460,000	629,312	1,089,312
2023	460,000	613,125	1,073,125
2024	470,000	597,026	1,067,026
2025	485,000	580,487	1,065,487
2026	495,000	564,976	1,059,976
2027	510,000	549,475	1,059,475
2028	525,000	532,788	1,057,788
2029	540,000	516,362	1,056,362
2030	555,000	498,674	1,053,674
2031	575,000	480,774	1,055,774
2032	585,000	461,537	1,046,537
2033	605,000	441,662	1,046,662
2034	625,000	420,748	1,045,748
2035	645,000	399,113	1,044,113
2036	665,000	376,686	1,041,686
2037	685,000	354,762	1,039,762
2038	710,000	331,475	1,041,475
2039	740,000	307,024	1,047,024
2040	770,000	278,719	1,048,719
2041	795,000	249,550	1,044,550
2042	820,000	222,757	1,042,757
2043	845,000	195,150	1,040,150
2044	875,000	166,394	1,041,394
2045	900,000	136,619	1,036,619
2046	925,000	105,988	1,030,988
2047	1,050,000	73,144	1,123,144
2048	1,300,000	34,125	1,334,125
	\$ 18,975,000	\$ 10,760,991	\$ 29,735,991

Note 8 – Property Taxes

On November 11, 2004, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Fort Bend County Municipal Utility District No. 24
Notes to Basic Financial Statements
December 31, 2020

Note 8 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2020 fiscal year was financed through the 2019 tax levy, pursuant to which the District levied property taxes of \$1.26 per \$100 of assessed value, of which \$0.59 was allocated to maintenance and operations and \$0.67 was allocated to debt service. The resulting tax levy was \$2,036,780 on the adjusted taxable value of \$161,649,174.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District’s use during the current fiscal year. Consequently, 2020 levy collections in the amount of \$1,997,000 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2020 tax levy of \$2,238,995 is reported as deferred inflows. These amounts will be recognized as revenue in 2021.

Property taxes receivable, at December 31, 2020, consisted of the following:

Current year taxes receivable	\$ 241,995
Prior years taxes receivable	24,165
	<hr/> 266,160
Penalty and interest receivable	9,699
Property taxes receivable	<hr/> <u>\$ 275,859</u>

Note 9 – Regional Water and Wastewater Treatment Facilities

On May 1, 2004, the District entered into an agreement, as subsequently amended, (the “Agreement”) with Fort Bend County Municipal Utility District No. 23 (MUD 23) whereby MUD 23 agrees to provide the regional water distribution facilities; wastewater collection, treatment and disposal facilities; and drainage improvements necessary to serve citizens within the boundaries of the District. The term of the agreement is for a period of fifty years.

The District will pay to MUD 23 its proportionate share of costs for expansion of existing plants, drainage facilities, shared funded wastewater trunk lines, shared future wastewater trunk lines, shared unfunded wastewater trunk lines, shared funded water supply facilities and shared future water supply facilities.

MUD 23 shall hold title to the projects and all plant sites, however, following completion of any phase of the project and the payment of all amounts due by the District, both districts will have an undivided equitable interest in the amount of their proportionate share.

Note 9 – Regional Water and Wastewater Treatment Facilities (continued)

The districts have established a regional project operating account, which is managed by MUD 23. An initial deposit of \$14,630 was made to the account by a developer on behalf of the District in an amount equal to three months project expenses based on the annual budget. This operating reserve of \$14,630 is reported in the District's Statement of Net Position.

Note 10 – Strategic Partnership Agreement

The District entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston (the "City"), effective November 10, 2015. The SPA provides for a limited purpose annexation of certain areas of the District that have been developed for retail and commercial purposes. The City agrees not to annex the District for full purposes during the 30 year term of the SPA. The SPA provides for the levy of a one percent retail City sales tax on qualifying retail sales in the SPA area, of which the District will receive one-half of all retail sales taxes received by the City. The District will continue to provide water, sewer and drainage services to all properties within its boundaries until full annexation. During the fiscal year ended December 31, 2020, the District did not have any SPA revenues from the City.

Note 11 – Risk Management

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

Note 12 – Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. Federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas.

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic could have an adverse effect on the District's operations and financial condition.

Note 13 – Subsequent Event

The District held a bond election on May 1, 2021, at which voters authorized the District to issue a maximum of \$108,650,000 of unlimited tax bonds for water, sewer and drainage purposes, an increase of \$30,150,000 over the previous authorization. Voters also authorized the issuance of unlimited tax bonds in the maximum amount of \$17,380,000 for road improvements and \$8,000,000 for refunding said bonds.

Required Supplementary Information

*Fort Bend County Municipal Utility District No. 24
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended December 31, 2020*

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ 230,000	\$ 230,000	\$ 235,874	\$ 5,874
Sewer service	230,000	230,000	249,064	19,064
Property taxes	946,934	946,934	952,715	5,781
Penalties and interest	15,000	15,000	8,299	(6,701)
Tap connection and inspection	67,000	67,000	102,790	35,790
Groundwater reduction plan fees	130,430	130,430	138,426	7,996
Miscellaneous			2,694	2,694
Investment earnings	30,000	30,000	8,107	(21,893)
Total Revenues	<u>1,649,364</u>	<u>1,649,364</u>	<u>1,697,969</u>	<u>48,605</u>
Expenditures				
Current service operations				
Purchased services			248,429	(248,429)
Professional fees	193,500	193,500	220,399	(26,899)
Contracted services	352,900	352,900	382,580	(29,680)
Repairs and maintenance	119,500	119,500	121,237	(1,737)
Groundwater reduction plan fees	304,430	304,430	139,594	164,836
Administrative	65,550	65,550	58,137	7,413
Other	50,000	76,500	20,259	56,241
Capital outlay	199,500	199,500	38,492	161,008
Total Expenditures	<u>1,285,380</u>	<u>1,311,880</u>	<u>1,229,127</u>	<u>82,753</u>
Revenues Over Expenditures	363,984	337,484	468,842	131,358
Other Financing Sources				
Internal transfers			184,567	184,567
Net Change in Fund Balance	363,984	337,484	653,409	315,925
Fund Balance				
Beginning of the year	823,791	823,791	823,791	
End of the year	<u>\$ 1,187,775</u>	<u>\$ 1,161,275</u>	<u>\$ 1,477,200</u>	<u>\$ 315,925</u>

*Fort Bend County Municipal Utility District No. 24
Notes to Required Supplementary Information
December 31, 2020*

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 24

TSI-1. Services and Rates

December 31, 2020

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

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

2. Retail Service Providers

(You may omit this information if your district does not provide retail services)

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	\$ 14.25	1,000	N	\$ 1.25	1,001 to 15,000
				\$ 1.50	15,001 to 30,000
				\$ 1.75	30,001 to 50,000
				\$ 2.00	50,001 to 75,000
				\$ 2.50	75,001 to no limit
Wastewater:	\$ 23.82	-0-	Y		to _____
Groundwater reduction plan:	\$ -	-0-	Y	\$ 2.06	115% of actual cost

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 46.10 Wastewater \$ 23.82

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	910	904	x 1.0	904
1"	3	3	x 2.5	8
1.5"	1	1	x 5.0	5
2"	4	4	x 8.0	32
3"	1	1	x 15.0	15
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	919	913		964
Total Wastewater	907	901	x 1.0	901

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 24
TSI-1. Services and Rates
December 31, 2020

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
 (You may omit this information if your district does not provide water)

Gallons purchased: *	<u>71,656,000</u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u>71,656,000</u>	<u>100.00%</u>

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

Does the District have Debt Service standby fees? Yes No

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

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

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

5. Location of District (required for first audit year or when information changes,
 otherwise this information may be omitted):

Is the District located entirely within one county? Yes No

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

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

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

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

Entirely Partly Not at all

ETJs in which the District is located: City of Houston

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

If Yes, by whom? _____

* Purchased from Fort Bend County MUD 23

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 24
TSI-2 General Fund Expenditures
For the Year Ended December 31, 2020*

Purchased services		<u>\$ 248,429</u>
Professional fees		
Legal		161,641
Audit		13,500
Engineering		<u>45,258</u>
		<u>220,399</u>
Contracted services		
Bookkeeping		12,600
Operator		38,827
Garbage collection		192,734
Tap connection and inspection		47,321
Security services		<u>91,098</u>
		<u>382,580</u>
Repairs and maintenance		<u>121,237</u>
Groundwater reduction plan fees		<u>139,594</u>
Administrative		
Directors fees		11,850
Printing and office supplies		17,256
Insurance		3,957
Other		<u>25,074</u>
		<u>58,137</u>
Other		<u>20,259</u>
Total expenditures		<u><u>\$ 1,229,127</u></u>

Reporting of Utility Services in Accordance with HB 3693:

	<u>Usage</u>	<u>Cost</u>
Electrical	N/A	N/A
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 24

TSI-3. Investments

December 31, 2020

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Interest Receivable</u>
General				
TexSTAR	Variable	N/A	\$ 439,618	\$ -
Texpool	Variable	N/A	600,166	
Certificate of deposit	0.65%	07/20/21	246,459	720
			<u>1,286,243</u>	<u>720</u>
Debt Service				
Certificate of deposit	0.70%	08/27/21	246,687	287
Certificate of deposit	0.40%	04/26/21	241,079	223
			<u>487,766</u>	<u>510</u>
			<u>\$ 1,774,009</u>	<u>\$ 1,230</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 24
TSI-4. Taxes Levied and Receivable
December 31, 2020

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 110,797	\$ 124,752	\$ 235,549	
Adjustments	(4,122)	(4,670)	(8,792)	
Adjusted Receivable	<u>106,675</u>	<u>120,082</u>	<u>226,757</u>	
2020 Original Tax Levy	1,031,391	1,171,240	2,202,631	
Adjustments	17,027	19,337	36,364	
Adjusted Tax Levy	<u>1,048,418</u>	<u>1,190,577</u>	<u>2,238,995</u>	
Total to be accounted for	<u>1,155,093</u>	<u>1,310,659</u>	<u>2,465,752</u>	
Tax collections:				
Current year	935,103	1,061,897	1,997,000	
Prior years	94,859	107,733	202,592	
Total Collections	<u>1,029,962</u>	<u>1,169,630</u>	<u>2,199,592</u>	
Taxes Receivable, End of Year	<u>\$ 125,131</u>	<u>\$ 141,029</u>	<u>\$ 266,160</u>	
Taxes Receivable, By Years				
2020	\$ 113,315	\$ 128,680	\$ 241,995	
2019	3,201	3,634	6,835	
2018	2,747	3,120	5,867	
2017	5,868	5,595	11,463	
Taxes Receivable, End of Year	<u>\$ 125,131</u>	<u>\$ 141,029</u>	<u>\$ 266,160</u>	
	2020	2019	2018	2017
Property Valuations:				
Land	\$ 33,640,430	\$ 29,224,840	\$ 27,898,340	\$ 24,646,220
Improvements	166,923,756	144,370,030	127,303,520	113,546,550
Personal Property	745,710	809,780	599,340	568,820
Exemptions	(23,611,848)	(12,755,476)	(12,249,840)	(11,228,284)
Total Property Valuations	<u>\$ 177,698,048</u>	<u>\$ 161,649,174</u>	<u>\$ 143,551,360</u>	<u>\$ 127,533,306</u>
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.59	\$ 0.59	\$ 0.59	\$ 0.64
Debt service tax rates	0.67	0.67	0.67	0.62
	<u>\$ 1.26</u>	<u>\$ 1.26</u>	<u>\$ 1.26</u>	<u>\$ 1.26</u>
Adjusted Tax Levy:	<u>\$ 2,238,995</u>	<u>\$ 2,036,780</u>	<u>\$ 1,808,747</u>	<u>\$ 1,606,920</u>
Percentage of Taxes Collected to Taxes Levied **	<u>89.19%</u>	<u>99.66%</u>	<u>99.68%</u>	<u>99.29%</u>

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 11, 2004

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

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 24
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
December 31, 2020

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2021	\$ 25,000	\$ 51,407	\$ 76,407
2022	25,000	50,781	75,781
2023	25,000	50,094	75,094
2024	25,000	49,344	74,344
2025	25,000	48,531	73,531
2026	25,000	47,719	72,719
2027	25,000	46,844	71,844
2028	25,000	45,969	70,969
2029	25,000	45,094	70,094
2030	50,000	44,156	94,156
2031	50,000	42,281	92,281
2032	50,000	40,281	90,281
2033	50,000	38,281	88,281
2034	50,000	36,156	86,156
2035	50,000	34,031	84,031
2036	50,000	31,906	81,906
2037	50,000	29,781	79,781
2038	50,000	27,656	77,656
2039	275,000	25,531	300,531
2040	300,000	13,500	313,500
	<u>\$ 1,250,000</u>	<u>\$ 799,343</u>	<u>\$ 2,049,343</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 24
 TSI-5. Long-Term Debt Service Requirements
 Series 2015 Refunding--by Years
 December 31, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 125,000	\$ 90,100	\$ 215,100
2022	130,000	86,350	216,350
2023	135,000	82,450	217,450
2024	140,000	78,400	218,400
2025	145,000	74,200	219,200
2026	150,000	69,850	219,850
2027	155,000	64,975	219,975
2028	160,000	59,550	219,550
2029	170,000	53,750	223,750
2030	180,000	47,375	227,375
2031	185,000	40,400	225,400
2032	195,000	33,000	228,000
2033	200,000	25,200	225,200
2034	210,000	17,200	227,200
2035	220,000	8,800	228,800
	<u>\$ 2,500,000</u>	<u>\$ 831,600</u>	<u>\$ 3,331,600</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 24
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
December 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 25,000	\$ 106,181	\$ 131,181
2022	25,000	105,681	130,681
2023	25,000	105,181	130,181
2024	25,000	104,681	129,681
2025	25,000	104,156	129,156
2026	25,000	103,606	128,606
2027	25,000	103,031	128,031
2028	25,000	102,431	127,431
2029	25,000	101,806	126,806
2030	25,000	101,156	126,156
2031	25,000	100,481	125,481
2032	25,000	99,781	124,781
2033	50,000	99,031	149,031
2034	50,000	97,531	147,531
2035	50,000	96,031	146,031
2036	50,000	94,531	144,531
2037	50,000	92,531	142,531
2038	50,000	90,531	140,531
2039	125,000	88,531	213,531
2040	125,000	83,531	208,531
2041	400,000	79,313	479,313
2042	450,000	65,813	515,813
2043	475,000	50,625	525,625
2044	500,000	34,594	534,594
2045	525,000	17,724	542,724
	<u>\$ 3,200,000</u>	<u>\$ 2,228,489</u>	<u>\$ 5,428,489</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 24
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
December 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 105,000	\$ 178,725	\$ 283,725
2022	115,000	173,475	288,475
2023	115,000	168,875	283,875
2024	120,000	164,275	284,275
2025	130,000	159,475	289,475
2026	135,000	156,225	291,225
2027	145,000	152,850	297,850
2028	155,000	148,863	303,863
2029	160,000	144,600	304,600
2030	140,000	139,800	279,800
2031	150,000	135,600	285,600
2032	155,000	130,913	285,913
2033	145,000	126,069	271,069
2034	155,000	121,356	276,356
2035	165,000	116,319	281,319
2036	210,000	110,956	320,956
2037	210,000	104,131	314,131
2038	215,000	96,781	311,781
2039	215,000	89,256	304,256
2040	220,000	81,731	301,731
2041	270,000	74,031	344,031
2042	245,000	64,581	309,581
2043	245,000	56,007	301,007
2044	250,000	47,125	297,125
2045	250,000	38,063	288,063
2046	800,000	29,000	829,000
	<u>\$ 5,220,000</u>	<u>\$ 3,009,082</u>	<u>\$ 8,229,082</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 24
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
December 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 50,000	\$ 88,613	\$ 138,613
2022	50,000	86,112	136,112
2023	50,000	83,612	133,612
2024	50,000	81,113	131,113
2025	50,000	78,612	128,612
2026	50,000	76,113	126,113
2027	50,000	73,612	123,612
2028	50,000	71,113	121,113
2029	50,000	69,550	119,550
2030	50,000	67,925	117,925
2031	50,000	66,300	116,300
2032	50,000	64,550	114,550
2033	50,000	62,800	112,800
2034	50,000	61,050	111,050
2035	50,000	59,300	109,300
2036	50,000	57,487	107,487
2037	50,000	55,675	105,675
2038	50,000	53,863	103,863
2039	50,000	52,050	102,050
2040	50,000	50,175	100,175
2041	50,000	48,300	98,300
2042	50,000	46,425	96,425
2043	50,000	44,550	94,550
2044	50,000	42,675	92,675
2045	50,000	40,800	90,800
2046	50,000	38,925	88,925
2047	975,000	37,050	1,012,050
	<u>\$ 2,275,000</u>	<u>\$ 1,658,350</u>	<u>\$ 3,933,350</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 24
TSI-5. Long-Term Debt Service Requirements
Series 2019 Refunding--by Years
December 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 30,000	\$ 39,363	\$ 69,363
2022	30,000	38,763	68,763
2023	35,000	38,163	73,163
2024	35,000	37,463	72,463
2025	35,000	36,763	71,763
2026	35,000	35,713	70,713
2027	35,000	34,663	69,663
2028	35,000	33,612	68,612
2029	35,000	32,562	67,562
2030	35,000	31,512	66,512
2031	40,000	30,462	70,462
2032	35,000	29,262	64,262
2033	35,000	28,125	63,125
2034	35,000	26,987	61,987
2035	35,000	25,850	60,850
2036	230,000	24,712	254,712
2037	250,000	17,238	267,238
2038	270,000	9,112	279,112
	<u>\$ 1,270,000</u>	<u>\$ 550,325</u>	<u>\$ 1,820,325</u>

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 24
 TSI-5. Long-Term Debt Service Requirements
 Series 2020 --by Years
 December 31, 2020*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ -	\$ 88,150	\$ 88,150
2022	85,000	88,150	173,150
2023	75,000	84,750	159,750
2024	75,000	81,750	156,750
2025	75,000	78,750	153,750
2026	75,000	75,750	150,750
2027	75,000	73,500	148,500
2028	75,000	71,250	146,250
2029	75,000	69,000	144,000
2030	75,000	66,750	141,750
2031	75,000	65,250	140,250
2032	75,000	63,750	138,750
2033	75,000	62,156	137,156
2034	75,000	60,468	135,468
2035	75,000	58,782	133,782
2036	75,000	57,094	132,094
2037	75,000	55,406	130,406
2038	75,000	53,532	128,532
2039	75,000	51,656	126,656
2040	75,000	49,782	124,782
2041	75,000	47,906	122,906
2042	75,000	45,938	120,938
2043	75,000	43,968	118,968
2044	75,000	42,000	117,000
2045	75,000	40,032	115,032
2046	75,000	38,063	113,063
2047	75,000	36,094	111,094
2048	1,300,000	34,125	1,334,125
	<u>\$ 3,260,000</u>	<u>\$ 1,683,802</u>	<u>\$ 4,943,802</u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 24
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2020

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2021	\$ 360,000	\$ 642,539	\$ 1,002,539
2022	460,000	629,312	1,089,312
2023	460,000	613,125	1,073,125
2024	470,000	597,026	1,067,026
2025	485,000	580,487	1,065,487
2026	495,000	564,976	1,059,976
2027	510,000	549,475	1,059,475
2028	525,000	532,788	1,057,788
2029	540,000	516,362	1,056,362
2030	555,000	498,674	1,053,674
2031	575,000	480,774	1,055,774
2032	585,000	461,537	1,046,537
2033	605,000	441,662	1,046,662
2034	625,000	420,748	1,045,748
2035	645,000	399,113	1,044,113
2036	665,000	376,686	1,041,686
2037	685,000	354,762	1,039,762
2038	710,000	331,475	1,041,475
2039	740,000	307,024	1,047,024
2040	770,000	278,719	1,048,719
2041	795,000	249,550	1,044,550
2042	820,000	222,757	1,042,757
2043	845,000	195,150	1,040,150
2044	875,000	166,394	1,041,394
2045	900,000	136,619	1,036,619
2046	925,000	105,988	1,030,988
2047	1,050,000	73,144	1,123,144
2048	1,300,000	34,125	1,334,125
	<u>\$ 18,975,000</u>	<u>\$ 10,760,991</u>	<u>\$ 29,735,991</u>

See accompanying auditors' report.

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Fort Bend County Municipal Utility District No. 24
TSI-6. Change in Long-Term Bonded Debt
December 31, 2020

	Bond Issue			
	Series 2011	Series 2014	Series 2015 Refunding	Series 2016
Interest rate	4.00% - 5.125%	2.00% - 4.50%	2.00% - 4.00%	2.00% - 4.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/13 - 9/1/38	9/1/17 - 9/1/40	9/1/16 - 9/1/35	9/1/19 - 9/1/45
Beginning bonds outstanding	\$ 20,000	\$ 1,275,000	\$ 2,620,000	\$ 3,225,000
Bonds issued				
Bonds retired	(20,000)	(25,000)	(120,000)	(25,000)
Ending bonds outstanding	\$ -	\$ 1,250,000	\$ 2,500,000	\$ 3,200,000
Interest paid during fiscal year	\$ 800	\$ 52,032	\$ 93,700	\$ 106,681
Paying agent's name and city				
Series 2011	Wells Fargo Bank, N.A., Dallas, Texas			
All other series	Bank of New York Mellon Trust Company, N.A., Dallas, Texas			
Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Refunding Bonds	
Amount Authorized by Voters	\$ 78,500,000	\$ 4,450,000	\$ 47,100,000	
Amount Issued	(20,090,000)		(345,000)	
Remaining To Be Issued	\$ 58,410,000	\$ 4,450,000	\$ 46,755,000	

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

Debt Service Fund cash and investment balances as of December 31, 2020: \$ 3,053,207

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,051,921

See accompanying auditors' report.

Bond Issue

Series 2017	Series 2018	Series 2019 Refunding	Series 2020	Totals
2.50% - 5.00%	3.125% - 5.00%	2.00% - 3.375%	2.00% - 4.00%	
3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	
9/1/20 - 9/1/46	9/1/20 - 9/1/47	9/1/19 - 9/1/38	9/1/22 - 9/1/48	
\$ 5,320,000	\$ 2,280,000	\$ 1,280,000	\$ -	\$ 16,020,000
			3,260,000	3,260,000
(100,000)	(5,000)	(10,000)		(305,000)
<u>\$ 5,220,000</u>	<u>\$ 2,275,000</u>	<u>\$ 1,270,000</u>	<u>\$ 3,260,000</u>	<u>\$ 18,975,000</u>
<u>\$ 183,725</u>	<u>\$ 88,862</u>	<u>\$ 39,563</u>	<u>\$ 44,075</u>	<u>\$ 609,438</u>

Fort Bend County Municipal Utility District No. 24
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Water service	\$ 235,874	\$ 222,566	\$ 208,072	\$ 192,330	\$ 178,841
Sewer service	249,064	236,431	229,849	215,576	198,417
Property taxes	952,715	846,474	812,547	736,118	574,894
Penalties and interest	8,299	16,594	16,231	13,743	16,797
Tap connection and inspection	102,790	73,100	53,309	95,545	99,090
Groundwater reduction plan fees	138,426	124,957	117,537	105,774	104,711
Miscellaneous	2,694	4,625	3,965	4,330	5,422
Investment earnings	8,107	34,054	34,454	7,998	4,166
Total Revenues	1,697,969	1,558,801	1,475,964	1,371,414	1,182,338
Expenditures					
Current service operations					
Purchased services	248,429	153,137	140,854	122,837	92,417
Professional fees	220,399	522,864	306,784	178,729	165,263
Contracted services	382,580	358,150	274,269	253,737	255,474
Repairs and maintenance	121,237	254,258	141,972	102,904	132,873
Smart meter installation		304,937			
Groundwater reduction plan fees	139,594	122,463	103,302	102,322	100,290
Administrative	58,137	43,821	37,913	35,515	34,333
Other	20,259	12,088	4,598	6,964	7,174
Capital outlay	38,492	1,181,264			83,890
Debt service					
Developer interest		82,589			
Total Expenditures	1,229,127	3,035,571	1,009,692	803,008	871,714
Revenues Over/(Under) Expenditures	\$ 468,842	\$ (1,476,770)	\$ 466,272	\$ 568,406	\$ 310,624

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
14%	14%	14%	14%	16%
16%	16%	16%	16%	17%
56%	54%	55%	53%	49%
*	1%	1%	1%	1%
6%	5%	4%	7%	8%
8%	8%	8%	8%	9%
*	*	*	*	*
*	2%	2%	1%	*
100%	100%	100%	100%	100%
15%	10%	10%	9%	8%
13%	34%	21%	13%	14%
23%	23%	19%	19%	22%
7%	16%	10%	8%	11%
	20%			
8%	8%	7%	7%	8%
3%	3%	3%	3%	3%
1%	1%	*	1%	1%
2%	76%			7%
	5%			
72%	196%	70%	60%	74%
28%	(96%)	30%	40%	26%

Fort Bend County Municipal Utility District No. 24

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Five Fiscal Years

	Amounts				
	2020	2019	2018	2017	2016
Revenues					
Property taxes	\$ 1,081,489	\$ 959,104	\$ 787,383	\$ 690,690	\$ 504,908
Penalties and interest	11,431	8,703	2,468	2,175	1,539
Accrued interest on bonds sold					2,977
Investment earnings	10,727	13,478	8,628	2,778	1,716
Total Revenues	1,103,647	981,285	798,479	695,643	511,140
Expenditures					
Tax collection services	38,936	36,440	26,987	23,473	22,102
Debt service					
Principal	305,000	200,000	155,000	155,000	130,000
Interest and fees	612,484	593,204	530,967	360,752	220,094
Debt issuance costs		133,645			
Total Expenditures	956,420	963,289	712,954	539,225	372,196
Revenues Over Expenditures	\$ 147,227	\$ 17,996	\$ 85,525	\$ 156,418	\$ 138,944
Total Active Retail Water Connections	913	852	816	783	722
Total Active Retail Wastewater Connections	901	840	804	769	710

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues

2020	2019	2018	2017	2016
98%	98%	99%	100%	99%
1%	1%	*	*	1%
				*
1%	1%	1%	*	*
100%	100%	100%	100%	100%
4%	4%	3%	3%	4%
28%	20%	19%	22%	25%
55%	60%	66%	52%	43%
	14%			
87%	98%	88%	77%	72%
13%	2%	12%	23%	28%

Fort Bend County Municipal Utility District No. 24
TSI-8. Board Members, Key Personnel and Consultants
December 31, 2020

Complete District Mailing Address: 3200 Southwest Freeway, Ste. 2600, Houston, Texas 77027-7537
 District Business Telephone Number: (713) 860-6400
 Submission Date of the most recent District Registration Form
 (TWC Sections 36.054 and 49.054): May 7, 2020
 Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
 (Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members:				
Robert Atkinson	5/20 to 5/24	\$ 2,400	\$ 482	President
Barbara Rozell	5/20 to 5/24	2,700	304	Vice President
Brandyn Cottingham	1/20 to 5/22	1,950		Secretary
Robby McGinnis	5/18 to 5/22	1,950	94	Assistant Vice President/ Assistant Secretary
Deborah Depinet	5/20 to 5/24	2,700	1,009	Assistant Secretary
Myrsine Howard	5/18 to 1/20	150		Former Director
Consultants:				
Allen Boone Humphries Robinson LLP	2004	Amounts Paid		Attorney
<i>General legal fees</i>		\$ 199,643		
<i>Bond counsel</i>		102,303		
Municipal District Services L.L.C.	2011	136,828		Operator
Myrtle Cruz, Inc.	2004	20,613		Bookkeeper
Assessments of the Southwest, Inc.	2004	12,360		Tax Collector
Fort Bend Central Appraisal District	Legislation	12,083		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2005	5,013		Delinquent Tax Attorney
LJA Engineering and Surveying, Inc.	2004	199,715		Engineer
McGrath & Co., PLLC - CPA's	2009	14,500		Auditor
Rathmann & Associates, LP	2004	66,700		Financial Advisor

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

See accompanying auditors' report.

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

