

**OFFICIAL STATEMENT DATED NOVEMBER 7, 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' HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2022. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE—Book-Entry-Only

Underlying Rating: S&P "BBB-"  
 Insured Rating (BAM): S&P "AA" (stable)  
 See "MUNICIPAL BOND RATING" and  
 "MUNICIPAL BOND INSURANCE" herein.

**\$2,570,000**  
**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 169**  
**(A political subdivision of the State of Texas located within Fort Bend County)**  
**CONTRACT REVENUE BONDS (ROAD FACILITIES)**  
**SERIES 2022A**

The bonds described above (the "Bonds") are special obligations of Fort Bend County Municipal Utility District No. 169 (the "Master District" or the "District") payable solely from and to the extent of payments required to be made to the Trustee (as herein defined) by the District (in its capacity as an internal District) and Fort Bend County Municipal Utility District Nos. 170, 171, 172 and 173 (the "MUD Participants") from proceeds of an unlimited annual ad valorem tax, levied by each MUD Participant or from other revenues available to such MUD Participant (the "Road Contract Payment(s)"). Payment of Road Contract Payments by MUD Participants and use of such proceeds by the Master District to pay debt service on the Bonds is governed by the Contract for Financing, Operation, and Maintenance of Regional Facilities, as amended (the "Master District Contract") as described more fully herein under "MASTER DISTRICT CONTRACT." The Bonds are obligations of the Master District and are not obligations of the State of Texas, Fort Bend County, the City of Fulshear, any of the MUD Participants (except the Master District), or any entity other than the Master District.

**Dated Date: December 1, 2022**

**Due: December 1, as shown below**

**Interest Accrual Date: Date of Delivery**

The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000. Principal of the Bonds will be payable upon presentation of the Bonds at the principal payment office of the paying agent/registrars, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar" or "Paying Agent"), in Houston, Texas. Interest on the Bonds accrues from the date of delivery (expected to be December 8, 2022) (the "Date of Delivery"), and is payable June 1, 2023, and each December 1 and June 1 thereafter until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360 day year of twelve 30 day months.

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



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. See "MUNICIPAL BOND INSURANCE" herein.

**MATURITY SCHEDULE**

Due (December 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (December 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2024	\$ 270,000	6.50%	4.00%	34682H ZV1	2026	\$ 100,000	6.50%	4.15%	34682H ZX7
2025	200,000	6.50	4.10	34682H ZW9	2027	100,000	6.50	4.18	34682H ZY5

- \$200,000 Term Bonds due December 1, 2029 (a), 34682H A22 (b), 4.00% Interest Rate, 4.200% Yield (c)
- \$200,000 Term Bonds due December 1, 2031 (a), 34682H A48 (b), 4.00% Interest Rate, 4.400% Yield (c)
- \$200,000 Term Bonds due December 1, 2033 (a), 34682H A63 (b), 4.25% Interest Rate, 4.600% Yield (c)
- \$200,000 Term Bonds due December 1, 2035 (a), 34682H A89 (b), 4.50% Interest Rate, 4.800% Yield (c)
- \$200,000 Term Bonds due December 1, 2037 (a), 34682H B21 (b), 4.75% Interest Rate, 4.900% Yield (c)
- \$200,000 Term Bonds due December 1, 2039 (a), 34682H B47 (b), 4.75% Interest Rate, 5.000% Yield (c)
- \$300,000 Term Bonds due December 1, 2042 (a), 34682H B70 (b), 4.75% Interest Rate, 5.050% Yield (c)
- \$400,000 Term Bonds due December 1, 2046 (a), 34682H C38 (b), 5.00% Interest Rate, 5.109% Yield (c)

- (a) Bonds maturing on or after December 1, 2029, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on December 1, 2028, or on any date thereafter at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association, and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter (as herein defined) for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter. The initial yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

The Bonds, when issued, will constitute valid and legally binding special obligations of the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. Bond purchasers are encouraged to read this Official Statement prior to making an investment decision, particularly the section captioned "INVESTMENT CONSIDERATIONS."

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 Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about December 8, 2022, in Houston, Texas.

## TABLE OF CONTENTS

OFFICIAL STATEMENT SUMMARY .....	3
SELECTED FINANCIAL INFORMATION (UNAUDITED).....	10
THE BONDS .....	14
BOOK-ENTRY-ONLY SYSTEM.....	20
THE INDENTURE OF TRUST .....	21
USE AND DISTRIBUTION OF BOND PROCEEDS.....	25
THE MUD PARTICIPANTS .....	26
MASTER DISTRICT CONTRACT .....	29
THE DISTRICT AND THE SERVICE AREA.....	31
MANAGEMENT OF THE DISTRICT .....	35
THE DEVELOPERS .....	36
THE SYSTEM.....	37
FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED).....	40
TAX DATA .....	45
TAXING PROCEDURES .....	47
INVESTMENT CONSIDERATIONS.....	52
LEGAL MATTERS .....	61
TAX MATTERS .....	62
REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS .....	64
SALE AND DISTRIBUTION OF THE BONDS .....	64
CONTINUING DISCLOSURE OF INFORMATION .....	64
MUNICIPAL BOND RATING .....	66
MUNICIPAL BOND INSURANCE .....	66
PREPARATION OF OFFICIAL STATEMENT.....	67
MISCELLANEOUS .....	68
AERIAL LOCATION MAP	
PHOTOGRAPHS OF THE DISTRICT	
APPENDIX A – Certain Financial Information Regarding the MUD Participants	
APPENDIX B – Financial Statements of the MUD Participants	
APPENDIX C – Specimen Municipal Bond Insurance Policy	

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports referenced or described in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 for more information.

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

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

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

## OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement. The summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of the entire Official Statement and of the documents summarized or described therein.

### INFECTIOUS DISEASE OUTLOOK (COVID-19)

*General* .....The purchase and ownership of the Bonds is subject to certain investment considerations, including certain factors related to the current COVID-19 pandemic. See “INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19).”

### THE MASTER DISTRICT

*Description* .....Fort Bend County Municipal Utility District No. 169 (the “Master District” or the “District”) is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the “TCEQ” or “Commission”) on August 21, 2007, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District, as a MUD Participant (as hereinafter defined), will provide water, sanitary sewer, and drainage facilities to the approximate 321 acres of land within its boundaries. The District, as the Master District, serves as the provider of regional water, sanitary sewer, drainage, park/recreational and road facilities for an approximately 3,293 acre service area (the “Service Area”) comprised of the District, Fort Bend County Municipal Utility District No. 170 (“MUD 170”), Fort Bend County Municipal Utility District No. 171 (“MUD 171”), Fort Bend County Municipal Utility District No. 172 (“MUD 172”) and Fort Bend County Municipal Utility District No. 173 (“MUD 173”). The District, MUD 170, MUD 171, MUD 172 and MUD 173 are herein collectively referred to as the “MUD Participants.” See “THE MUD PARTICIPANTS” and “THE DISTRICT AND THE SERVICE AREA.”

*Location*.....The Service Area is located approximately 31 miles west of the central downtown business district of the City of Houston, Texas in Fort Bend County. The Service Area lies wholly within the boundaries of the City of Fulshear (the “City”) and within the boundaries of either Katy Independent School District or Lamar Consolidated Independent School District. Access to the Service Area is provided via Interstate Highway 10 West or U.S. Highway 59 South to Texas State Highway 99 (the “Grand Parkway”), a limited access state highway, and the Westpark Toll Road. See “THE DISTRICT AND THE SERVICE AREA.”

*Service Area* .....The Service Area is comprised of approximately 3,293 acres, which consists of (i) Cross Creek Ranch, an approximately 3,199 acre master planned community (“Cross Creek Ranch”), (ii) an approximately 71 acre tract, and (iii) an approximately 23 acre tract.

*Developers* .....The primary developers of Cross Creek Ranch are (1) CCR Texas Holdings LP, a Delaware limited partnership (“CCR Texas”) with Johnson/CCR GP, LLC as its general partner, and (2) CCR Loan Subsidiary 1, L.P. (“CCR Subsidiary”), a Texas limited partnership with CCR Loan Sub 1 LLC as its general partner. CCR Subsidiary is wholly owned by CCR Texas.

Johnson CCR Management LLC, an affiliate of The Johnson Development Corp. (“Johnson Development”) is the development manager for Cross Creek Ranch. Johnson Development is a Houston-based residential and commercial land development company. For more than forty years, Johnson Development has developed master-planned communities in Houston, Atlanta, San Antonio and other markets. Johnson Development engages in development activities through itself and related entities.

Landmark Industries Inc. (“Landmark”) originally owned a 71 acre site within the boundaries of MUD 173 which is being developed for commercial purposes. Landmark has developed or sold 30 acres of the approximately 71 acre site within MUD 173 which it owned. As of January 1, 2022, Landmark owned approximately 41 acres of land in MUD 173.

RK CCR North, Ltd. (“RK CCR North”) owns approximately 9 acres, including 1.5 acres that have been developed for commercial use in MUD 173.

The Market at CCR Ltd., a Texas limited partnership (“The Market at CCR”), owns approximately 4 acres of undeveloped land intended for commercial retail usage in MUD 173. The Market at CCR has also sold approximately 23 acres to TLM-CCR Phase II LLC (“TLM-CCR”). The Market at CCR has an agreement with TLM-CCR in which it has a right of first refusal and a set cost to purchase the 23 acres over a specific period of time. TLM-CCR is not typically a developer of land, and it is expected that either the land owned by TLM-CCR will be sold back to The Market at CCR or to an ultimate purchaser for development. TLM-CCR Phase II has sold approximately 8 acres for retail purposes and the purchaser of such acreage has an option to purchase an additional 4.5 acres of land.

Taylor Morrison of Texas Inc. (“Taylor Morrison”) owns approximately 30 acres in the District which is planned to be developed as the remaining sections of the single family subdivision of Bonterra, including 10 acres currently under construction for Bonterra at Cross Creek Ranch Section 11b.

CCR Texas, CCR Subsidiary, Landmark, RK CCR North, The Market at CCR and Taylor Morrison are collectively referred to as the “Developers.” See “THE DEVELOPERS.”

No landowner, developer or any of their respective affiliates, is obligated to pay any principal of or interest on the Bonds. See “INVESTMENT CONSIDERATIONS—Dependence on Major Taxpayers” and “THE DEVELOPERS.”

*Homebuilders* .....Homebuilders in the Service Area include Partners in Building, Highland Homes, Darling Homes, Perry Homes, Newmark Homes Houston, Taylor Morrison Homes, Chesmar Homes, Lennar Homes and TriPointe Homes. Homes in the Service Area range in sales price from approximately \$310,000 to \$1,300,000. Homebuilding is currently occurring in the District, MUD 170 and MUD 171. See “THE DEVELOPERS—Homebuilding.”

*Status of Development* .....Single-Family Residential: Development in the Service Area currently consists of the residential development within the District, MUD 170, MUD 171, MUD 172, and MUD 173. Homes within the Service Area range in price from approximately \$310,000 to over \$1,300,000. As of August 25, 2022, there were 4,941 occupied completed homes in the Service Area, 72 unoccupied completed homes (13 of which are model homes), 177 homes under construction (103 homes are not under contract for purchase and 74 homes are under contract for purchase), 581 developed lots available for home construction and 41 lots on approximately 10 acres currently under construction.

Commercial: A credit union has been constructed on approximately 2 acres in MUD 170. The Marcel Town Center has been constructed on approximately 11 acres in MUD 170, and the City has purchased approximately 40.5% of the retail space (see “*Tax Exempt Property*” below). An Ivy Kids Day Care has been constructed on approximately 2 acres in MUD 171. A CVS Pharmacy, the Children’s Lighthouse Daycare facility, three shopping centers, the Cross Creek Office Complex, an Aldi’s Grocery, a coffee shop and a veterinary clinic have been constructed in MUD 172 on approximately 23 acres of land. The Market at Cross Creek Ranch, multiple fast food restaurants, a convenience store, two automotive stores, two banks, the Shops at Cross Creek Ranch, a day care, a self storage facility and Cross Creek Plaza Phase I have been constructed in MUD 173 on approximately 54 acres of land. A HEB Grocery Store has been constructed on a 14 acre tract of land in MUD 173. A dermatology clinic, a restaurant and Cross Creek Plaza Phase II are currently under construction on approximately 5 acres in MUD 173.

Multifamily: The Parklane Fulshear Apartments (390 units) have been constructed on approximately 22 acres in MUD 173. The Broadstone Fulshear Apartments are currently under construction on approximately 15 acres in the District. The Cross Creek Ranch II Apartments are under construction on approximately 15 acres in MUD 170. Additionally, a senior independent living facility is under construction on approximately 8 acres in MUD 171.

Tax-Exempt Property: The following properties in the District mentioned herein are exempt from the payment of ad valorem taxes. The Saint Faustina Catholic Church has been constructed on approximately 33 acres of land in MUD 171. An elementary school has been constructed on a 14 acre tract in MUD 173 owned by Katy Independent School District. A middle school and a high school have been constructed in MUD 173 on approximately 111 acres owned by Katy Independent School District. An elementary school has been constructed on approximately 14 acres of land in MUD 172 owned by Katy Independent School District. A Fort Bend County Public Safety Annex has been constructed on approximately 3 acres in MUD 173. A fire station for Fort Bend County Emergency Services District No. 4 has been constructed on approximately 3 acres in MUD 170. In addition, Lamar Consolidated Independent School District owns approximately 15 acres of land in the District, on which no improvements have been constructed.

The Marcel Town Center has been constructed on approximately 11 acres in the District and includes 7 buildings totaling approximately 70,000 square feet of retail space. On June 18, 2021, the City purchased a portion of the land and improvements on such approximately 11 acres from Marcel Town Center Cross Creek LLC. The City purchased approximately 40.5% of the retail space, which will be used as a city hall, police station, and for other municipal purposes. The taxable assessed value of the Marcel Town Center remains uncertified and subject to review and downward revision prior to certification. The portion of the property purchased by the City is exempt from the payment of ad valorem taxes, which will be reflected on the 2022 tax roll once the value is certified. The remaining land and improvements will be fully taxable.

District/Recreation Facilities: A Welcome Center, which includes the Cross Creek Fitness Center, the Adventure Island Water Park, Italian Maid and a 70-foot observation tower, has been constructed on approximately 7 acres of land in MUD 171. The Bonterra Recreation Center has also been constructed on approximately 4 acres in MUD 170 and the Flewellen Park recreation facilities have been constructed on approximately 10 acres in MUD 172.

In addition, there are approximately 83 developable acres in the Service Area that have not been provided with water distribution, wastewater collection and storm drainage facilities and approximately 709 acres that are currently considered not developable. See “INVESTMENT CONSIDERATIONS—Undeveloped Acreage and Vacant Lots,” “THE DISTRICT AND THE SERVICE AREA—Land Use,” “—Status of Development,” and “APPENDIX A.”

*Master Facilities* .....The Master District, in its capacity as the provider of regional water, sanitary sewer, and drainage facilities (“Master District Water/Sewer/Drainage Facilities”), regional park and recreational facilities (“Master District Park Facilities”), and arterial, collector, or thoroughfare roads and improvements in aid thereof (“Master District Road Facilities”) necessary to serve the Service Area (hereinafter collectively referred to as the “Master District Facilities”), has contracted with each of the MUD Participants to construct the Master District Facilities and to provide service from those Master District Facilities not accepted by the City for operation and maintenance (the “Master District Contract”). See “INVESTMENT CONSIDERATIONS—Maximum Impact on Contract Tax Rate” and “THE SYSTEM—Master District Facilities.”

Pursuant to a Utility Agreement between the Master District and the City, the Master District constructs the Master District Water/Sewer/Drainage Facilities to serve the Service Area, and conveys certain of said facilities to the City for operation and maintenance by the City. The Master District retains operation and maintenance responsibilities for non-potable water facilities, Master District Park Facilities and detention/drainage ditch facilities constructed by the Master District. See “MASTER DISTRICT CONTRACT.” Pursuant to utility agreements with the City, each MUD Participant, including the District, constructs the water, sanitary sewer, and drainage facilities internal to the respective MUD Participant that serve only such MUD Participant and conveys said facilities to the City for operation and maintenance by the City. Each MUD Participant retains operation and maintenance responsibilities for park/recreational facilities and detention pond and drainage ditch facilities, if any, constructed by the MUD Participant that serve only the MUD Participant. See “THE MUD PARTICIPANTS—Utility Agreement with the City.” To date, the City has accepted operation and maintenance responsibilities for the roads within the Service Area, including the arterial, collector, and thoroughfare roads. See “THE SYSTEM—Master District Facilities.”

*Payment History* .....The Master District has previously issued thirteen series of contract revenue bonds in the principal amount of \$144,610,000 to fund Master District Water/Sewer/Drainage Facilities, seven series of contract revenue bonds in the principal amount of \$72,790,000 to fund Master District Road Facilities, four series of water/sewer/drainage contract revenue refunding bonds in the principal amount of \$29,270,000, and one series of road contract revenue refunding bonds in the principal amount of \$9,910,000, of which \$190,350,000 collectively remains outstanding (the “Outstanding Bonds”). The Bonds are the Master District's twenty-sixth issuance of contract revenue bonds and the eighth to be issued as Road Contract Revenue Bonds for the purpose of constructing and acquiring Master District Road Facilities. The Master District has never defaulted in the timely payment of principal or interest on its previously issued bonds.

## THE BONDS

- Description*.....Fort Bend County Municipal Utility District No. 169 Contract Revenue Bonds (Road Facilities), Series 2022A are being issued in the aggregate principal amount of \$2,570,000 as serial bonds maturing December 1 in each of the years 2024 through 2027, both inclusive, and as term bonds maturing on December 1 in each of the years 2029, 2031, 2033, 2035, 2037, 2039, 2042 and 2046 (the “Term Bonds”). Interest accrues from the Date of Delivery and is payable each June 1 and December 1, beginning June 1, 2023 at the rates per annum set forth on the cover page hereof. The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple of \$5,000.
- Book-Entry-Only* .....The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
- Redemption*.....Bonds maturing on or after December 1, 2029 are subject to redemption at the option of the District prior to their maturity dates on December 1, 2028, or on any date thereafter at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
- Use of Proceeds*.....Proceeds of the Bonds will be used by the Master District to pay for the items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” Bond proceeds will also be used (1) to deposit into the Road Reserve Fund (defined below) an amount needed to satisfy the reserve requirement associated with the issuance of the Bonds, (2) to pay interest on funds advanced by a developer on behalf of the District, and (3) to pay certain other costs and engineering fees related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
- Authority for Issuance*.....To provide Master District Road Facilities for the entire Service Area, the Master District is authorized by the Master District Contract to issue contract revenue bonds in an amount not to exceed \$121,450,000 in principal amount for the purpose of constructing and acquiring Master District Road Facilities and for the purpose of refunding such bonds. All of the \$121,450,000 of bonds mentioned above, including the Bonds, and any other contract revenue bonds issued for the purpose of constructing and acquiring Master District Road Facilities, or refunding of such bonds, which may be authorized by any future amendment to the Master District Contract, are referred to herein collectively as the “Road Contract Revenue Bonds.” All Road Contract Revenue Bonds issued by the Master District, including the Bonds, will be payable from the Road Contract Payments (as defined herein).

The Bonds are issued pursuant to the Master District Contract, a resolution authorizing the issuance of the Bonds (the “Bond Resolution”), the Road Indenture (as defined herein), Article III, Section 52 of the Texas Constitution, and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended. See “THE BONDS—Authority for Issuance” and “—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”

*Source and Security  
of Payment*.....

Principal of and interest on the Bonds are payable from and secured by an unconditional obligation of each MUD Participant to make certain Road Contract Payments (as herein defined) pursuant to the Master District Contract. By execution of the Master District Contract, each MUD Participant has agreed to pay a pro rata share of annual debt service on the Bonds, based upon the gross certified assessed valuation of each MUD Participant as a percentage of the total gross certified assessed valuation of all MUD Participants. Each MUD Participant is obligated to make such annual payments from the proceeds of an annual unlimited ad valorem tax levied by such MUD Participant for such purpose on property within its boundaries, from revenues, if any, derived from the operation of its water distribution and wastewater collection system, or from any other lawful source of its income. (Since the MUD Participants' water distribution and wastewater collection systems are required to be conveyed to the City pursuant to individual utility agreements between the MUD Participants and the City, it is not expected that the MUD Participants will have any revenues from such systems). No MUD Participant is liable for the payments owed by any other MUD Participant; however, failure of any MUD Participant to make its Road Contract Payment, as required by the Master District Contract, could result in an increase in the Road Contract Payment amount paid by each of the other MUD Participants during the time that such MUD Participant's payment is delinquent. The Bonds are obligations of the Master District and are not obligations of the State of Texas, Fort Bend County, the City, any of the MUD Participants (except the Master District), or any entity other than the Master District. See "THE BONDS—Source and Security of Payment," "—Unconditional Obligation to Pay" and "MASTER DISTRICT CONTRACT."

The Bonds are secured under an Indenture of Trust dated as of August 1, 2012 (the "Road Indenture") between the Master District and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as trustee (the "Trustee"). Pursuant to the Road Indenture, the Master District has assigned and pledged to the Trustee for the benefit of the owners of the Bonds and all other Road Contract Revenue Bonds all of the Master District's right, title and interest in and to the Road Contract Payments under the Master District Contract, and the Trustee has the right to assert and enforce all of the Master District's rights and remedies under the Master District Contract relating to the Road Contract Revenue Bonds in the event of a default. Under the Road Indenture, the Trustee will maintain a Road Debt Service Fund for deposit of the Road Contract Payments in an amount equal to the annual principal and interest due on the Road Contract Revenue Bonds (the "Road Debt Service Fund"), and a reserve fund to be used to pay principal of and interest on the Road Contract Revenue Bonds when insufficient funds are available for such purpose in the Road Debt Service Fund, or to pay the principal of and interest on the Road Contract Revenue Bonds in connection with a refunding or redemption (the "Road Reserve Fund"). See "THE INDENTURE OF TRUST." The Road Reserve Requirement has been established in the Bond Resolution to be a sum of money equal to one half of the maximum annual debt service requirements on the Road Contract Revenue Bonds then outstanding. Any funds that are in excess of the Road Reserve Requirement held in the Road Reserve Fund may be deposited into the Road Debt Service Fund, as directed by the Master District's Board of Directors.

*Municipal Bond Rating  
and Municipal Bond  
Insurance*.....

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) to the Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer"). S&P has also assigned an underlying rating of "BBB-" to the Bonds. An explanation of the ratings may be obtained from S&P. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

*Qualified Tax-Exempt  
Obligations*.....

The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

*Bond Counsel* .....Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."

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

*Financial Advisor*.....Masterson Advisors LLC, Houston, Texas.

*Trustee*.....The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See “THE INDENTURE OF TRUST.”

*Paying Agent/Registrar*.....The Bank of New York Mellon Trust Company, N.A., Houston, Texas.

### THE MASTER DISTRICT CONTRACT

*MUD Participants*.....The MUD Participants are the District, MUD 170, MUD 171, MUD 172 and MUD 173. Each MUD Participant is a municipal utility district organized and operating pursuant to Article XVI, Section 59 of the Constitution of Texas and Chapters 49 and 54, Texas Water Code, as amended. See “THE MUD PARTICIPANTS” and “APPENDIX A.”

*Debt Service Payments*.....By execution of the Master District Contract, each of the MUD Participants has agreed to make an annual contract payment in an amount equal to its annual pro rata share of debt service on the Road Contract Revenue Bonds, including the Bonds, plus all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain funds, including the Road Reserve Fund, established under the Bond Resolution or Road Indenture based upon the gross certified assessed valuation of each such MUD Participant as a percentage of the total gross certified assessed valuation of all MUD Participants. MUD Participants are obligated to pay their pro rata share from the proceeds of an annual unlimited ad valorem tax levied for such purpose (the “Road Contract Tax”) or from any other lawful source of funds. The Road Reserve Requirement has been established in the Bond Resolution to be, with respect to the Road Contract Revenue Bonds, a sum of money equal to one half of the maximum annual debt service requirements on the Road Contract Revenue Bonds then outstanding. Any funds that are in excess of the Road Reserve Requirement may be deposited into the Road Debt Service Fund, as directed by the Master District’s Board of Directors. See “THE BONDS—Source and Security of Payment,” “—Unconditional Obligation to Pay” and “MASTER DISTRICT CONTRACT.”

Each MUD Participant is obligated severally, but not jointly, to make Road Contract Payments to the Master District. No MUD Participant is obligated, contingently or otherwise, to make any Road Contract Payments owed by any other MUD Participant; however, lack of payment, as required by the Master District Contract, by any MUD Participant could result in an increase in the Road Contract Payment amount paid by each of the other MUD Participants during the time that such MUD Participant’s payment is delinquent.

The Master District Contract also requires each MUD Participant to make annual contract payments (“Water/Sewer/Drainage Contract Payment”) in an amount equal to its pro rata share of annual debt service on the Master District’s outstanding and future contract revenue bonds issued for the purpose of constructing or acquiring Master District Water/Sewer/Drainage Facilities or for the purpose of refunding such bonds (“Water/Sewer/Drainage Contract Revenue Bonds”) plus all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain certain funds, including the Water/Sewer/Drainage Reserve Fund, based upon the gross certified assessed valuation of each such MUD Participant as a percentage of the total gross certified assessed valuation of all MUD Participants. MUD Participants are obligated to pay Water/Sewer/Drainage Contract Payments to the Master District from the proceeds of an annual unlimited ad valorem tax levied for such purpose (the “Water/Sewer/Drainage Contract Tax”) or from any other lawful source of funds. The Water/Sewer/Drainage Contract Revenue Bonds are issued pursuant to an Indenture of Trust dated as of December 1, 2009, between the Master District and The Bank of New York Mellon Trust Company, N.A. (“Water/Sewer/Drainage Indenture”). The Road Contract Tax and Water/Sewer/Drainage Contract Tax are referred to herein collectively as the “Contract Tax.”

Water/Sewer/Drainage Contract Payments (all of which are derived from the Water/Sewer/Drainage Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Bonds or any Road Contract Revenue Bonds; or (ii) fund or maintain the Road Reserve Fund. Road Contract Payments (all of which are derived from the Road Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Water/Sewer/Drainage Contract Revenue Bonds; or (ii) fund or maintain the Water/Sewer/Drainage Reserve Fund.



*Monthly Charges* .....Each MUD Participant is further obligated to pay monthly charges for its share of the Master District’s operation and maintenance expenses in connection with the Master District’s provision of service from the Master District Facilities that are not being fully operated or maintained by the City. The monthly charges will be used to pay the MUD Participant's share of Master District operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each MUD Participant's share of operation and maintenance expenses and reserve requirements is based upon a unit cost of operation and maintenance expense and reserve requirements, calculated and expressed in terms of cost per equivalent single-family residential connection. The MUD Participant's monthly payment for operation and maintenance expenses is calculated by multiplying the number of equivalent single-family residential connections reserved to the MUD Participant on the first day of the previous month by the unit cost per equivalent single-family residential connection. See “INVESTMENT CONSIDERATIONS—Operational Expenses” and “MASTER DISTRICT CONTRACT.”

### **INVESTMENT CONSIDERATIONS**

The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, particularly the section captioned “INVESTMENT CONSIDERATIONS.”

## SELECTED FINANCIAL INFORMATION (UNAUDITED)

### Contract Revenue Bonds of the Master District

Direct Debt (the Water/Sewer/Drainage Contract Revenue Bonds) .....	\$125,595,000
Direct Debt (the Road Contract Revenue Bonds, including the Bonds) .....	67,325,000
Estimated Overlapping Debt .....	220,707,218 (a)
Total Direct and Overlapping Debt .....	\$413,627,218

(a) See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)—Estimated Overlapping Debt."

### Assessed Valuations of the MUD Participants:

MUD Participant	MUD Participants' 2019 Certified Gross Assessed Valuation	MUD Participants' 2020 Certified Gross Assessed Valuation	MUD Participants' 2021 Certified Gross Assessed Valuation	MUD Participants' 2022 Gross Assessed Valuation (a)	MUD Participants' 9/1/22 Estimate Gross Assessed Valuation (b)	% of 2022 Gross Assessed Valuation
MUD 169	\$ 7,384,220	\$ 7,392,264	\$ 7,377,200	\$ 18,030,677	\$ 47,246,682	0.69%
MUD 170	212,892,024	272,554,564	352,539,081	561,097,672	622,085,418	21.38%
MUD 171	372,827,184	395,278,534	403,721,962	456,996,776	465,644,019	17.42%
MUD 172	614,411,011	704,851,868	819,642,855	981,246,831	982,122,990	37.40%
MUD 173	383,668,032	509,962,113	542,494,965	606,463,401	618,234,573	23.11%
	<u>\$ 1,591,182,471</u>	<u>\$ 1,890,039,343</u>	<u>\$ 2,125,776,063</u>	<u>\$ 2,623,835,356</u>	<u>\$ 2,735,333,682</u>	100.00%

- (a) Includes 85% of the uncertified value provided by the Fort Bend Central Appraisal District ("Appraisal District") for the District and MUD 171, 172 and 173 and 65% of the uncertified value for MUD 170.
- (b) The Appraisal District has provided an estimated valuation as of September 1, 2022 for informational purposes for MUD 169, 170 and 172, which was calculated by updating the 2022 Gross Assessed Valuation provided by the Appraisal District to add the estimated value of improvements constructed from January 1, 2022 to September 1, 2022. An estimate of valuation as of May 1, 2022 is shown for MUD 171 and 173. These estimates have no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, these estimates will not be the basis for any tax levy by any of the MUD Participants.

Direct Debt as a % of  
the 2022 Gross Assessed Valuation ..... 7.35%  
the Estimated Gross Assessed Valuation as of September 1, 2022..... 7.05%

Direct Debt and Estimated Overlapping Debt as a % of  
the 2022 Gross Assessed Valuation ..... 15.76%  
the Estimated Gross Assessed Valuation as of September 1, 2022..... 15.12%

### MUD Participants' Summary of 2022 Gross Assessed Valuation

	Fort Bend Co MUD 169	Fort Bend Co MUD 170	Fort Bend Co MUD 171	Fort Bend Co MUD 172	Fort Bend Co MUD 173	Totals
Land	\$ 602,280	\$ 101,762,230	\$ 96,222,318	\$ 153,959,686	\$ 176,506,596	\$ 529,053,110
Improvements	-	489,420,284	441,712,869	979,679,159	746,922,567	2,657,734,879
Personal Property	-	2,504,765	3,310,853	6,831,356	15,463,518	28,110,492
Exemptions	(542,380)	(47,664,225)	(90,633,801)	(166,533,663)	(338,125,309)	(643,499,378)
Uncertified Value (a)	17,970,777	15,074,618	6,384,537	7,310,293	5,696,029	52,436,253
Totals	<u>\$ 18,030,677</u>	<u>\$ 561,097,672</u>	<u>\$ 456,996,776</u>	<u>\$ 981,246,831</u>	<u>\$ 606,463,401</u>	<u>\$ 2,623,835,356</u>

(a) Represents 85% of the uncertified value provided by Appraisal District for the District, MUD 171, 172 and 173 and 65% of the uncertified value for MUD 170.

**MUD Participants' Gross Value as a % of all MUD Participants**

MUD Participant	2022 Gross Assessed Valuation (a)	% of 2022 Gross Assessed Valuation as of 1/1/2022
MUD 169	\$ 18,030,677	0.69%
MUD 170	561,097,672	21.38%
MUD 171	456,996,776	17.42%
MUD 172	981,246,831	37.40%
MUD 173	606,463,401	23.11%
Total of MUD Participants	\$ 2,623,835,356	100.00%

(a) Includes 85% of the uncertified value provided by Appraisal District for the District, MUD 171, 172 and 173 and 65% of the uncertified value for MUD 170.

**Status of Development as of August 25, 2022 (a):**

District	Acreage	Completed Lots	Occupied Completed Homes (b)	Unoccupied Completed Homes (c)	Homes Under	Homes Under	Vacant Developed Lots	Lots Under Construction
					Construction Not Under Contract	Construction Under Contract		
MUD 169	321	432	4	13	52	40	323	0
MUD 170	848	1730	1390	53	42	33	212	41
MUD 171	576	955	899	1	8	1	46	0
MUD 172	910	1648	1643	5	0	0	0	0
MUD 173	<u>638</u>	<u>1006</u>	<u>1005</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>
	3293	5771	4941	72	103	74	581	41

**Master District Road Debt Service Funds Available as of October 3, 2022:**

Road Reserve Fund Balance .....	\$2,250,774 (d)(e)
Road Debt Service Fund Balance .....	<u>3,798,269</u> (e)
Total Available for Road Debt Service .....	\$6,049,043

**Master District Water/Sewer/Drainage Debt Service Funds Available as of October 3, 2022:**

Water/Sewer/Drainage Reserve Fund Balance .....	\$4,262,395 (e)
Water/Sewer/Drainage Debt Service Fund Balance .....	<u>7,196,222</u> (e)
Total Available for Water/Sewer/Drainage Debt Service .....	\$11,458,617

**Debt Service Requirements (includes the Bonds and all Outstanding Bonds):**

Maximum Annual Debt Service Requirement (2024) .....	\$13,479,113 (f)
Average Annual Debt Service Requirement (2023-2047) .....	\$ 9,856,173 (f)

**Master District Capital Projects Funds as of October 3, 2022:**

Water/Sewer/Drainage Capital Projects Fund .....	\$8,031,048
Road Capital Projects Fund .....	\$2,396,312
Park Capital Projects Fund .....	\$ 129

**Master District Operating Funds Available as of October 3, 2022 .....** \$2,479,598 (g)

- (a) See "THE DISTRICT AND THE SERVICE AREA."
- (b) Estimated population in the Service Area is 18,060 based upon 3.5 persons per occupied single-family residence in the Service Area and 2.0 persons per apartment unit (390 units).
- (c) Includes 13 Model Homes.
- (d) From the proceeds of the Bonds, the District will deposit \$175,576 into the Road Reserve Fund, which is the amount needed to satisfy the Road Reserve Requirement associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (e) All of the Master District's Contract Revenue Bond debt is payable from Contract Taxes as follows: (i) the Road Contract Tax with respect to Road Contract Revenue Bonds, and (ii) the Water/Sewer/Drainage Contract Tax with respect to the Water/Sewer/Drainage Contract Revenue Bonds. The revenues from the Road Contract Tax will be allocated to Road Contract Revenue Bonds, including the Bonds and the outstanding Road Contract Revenue Bonds, and the revenues from the Water/Sewer/Drainage Contract Tax will be allocated to the Water/Sewer/Drainage Contract Revenue Bonds. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Outstanding Bonds." The Water/Sewer/Drainage Debt Service Fund is not pledged to the Bonds or any Road Contract Revenue Bonds nor will funds deposited into the Road Debt Service Fund be pledged to Water/Sewer/Drainage Contract Revenue Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" and "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS (UNAUDITED)—Debt Service Requirements."
- (f) Each MUD Participant is obligated to pay a pro rata share of debt service on the Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds by the dates specified by the Master District. See "THE BONDS—Contract Payments by the MUD Participants," "Unconditional Obligation to Pay" and "MASTER DISTRICT CONTRACT." The Master District has specified March 1 and September 1 as the dates by which the MUD Participants are required to pay contract payments that are due for Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds. The Road Indenture provides that the Road Contract Payments will be paid directly to the Trustee semiannually on or before June 1 and December 1 of each year, and the Water/Sewer/Drainage Indenture provides that the Water/Sewer/Drainage Contract Payments will be paid directly to the Trustee semiannually on or before June 1 and December 1 of each year.
- (g) Includes approximately \$13,459 from the City pursuant to a cost sharing agreement between the District and the City for rehabilitation of the Leased Wastewater Plant (as defined herein) and construction of additional improvements to the Leased Wastewater Plant and the Permanent Wastewater Plant (as defined herein).

**Select Tax Data (a):**

	2022	2022	2022	2022
	Debt Service	Maintenance	Contract	Total Participant
	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>
Fort Bend County MUD 169	\$0.00000	\$0.68838	\$0.65000	\$1.33838
Fort Bend County MUD 170	\$0.30000	\$0.29000	\$0.64000	\$1.23000
Fort Bend County MUD 171	\$0.21500	\$0.14000	\$0.64500	\$1.00000
Fort Bend County MUD 172	\$0.21000	\$0.09500	\$0.64000	\$0.94500
Fort Bend County MUD 173	\$0.24750	\$0.23750	\$0.64500	\$1.13000

  

	2021	2021	2021	2021
	Debt Service	Maintenance	Contract	Total Participant
	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>
Fort Bend County MUD 169	\$0.00000	\$0.64338	\$0.69500	\$1.33838
Fort Bend County MUD 170	\$0.35000	\$0.29338	\$0.69500	\$1.33838
Fort Bend County MUD 171	\$0.21500	\$0.14500	\$0.69000	\$1.05000
Fort Bend County MUD 172	\$0.22000	\$0.11500	\$0.69500	\$1.03000
Fort Bend County MUD 173	\$0.27250	\$0.26750	\$0.69500	\$1.23500

  

	2020	2020	2020	2020
	Debt Service	Maintenance	Contract	Total Participant
	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>	<u>Tax Rate</u>
Fort Bend County MUD 169	\$0.00000	\$0.66338	\$0.67500	\$1.33838
Fort Bend County MUD 170	\$0.36000	\$0.29338	\$0.68500	\$1.33838
Fort Bend County MUD 171	\$0.21500	\$0.16000	\$0.69500	\$1.07000
Fort Bend County MUD 172	\$0.26500	\$0.13000	\$0.69500	\$1.09000
Fort Bend County MUD 173	\$0.30000	\$0.25500	\$0.71500	\$1.27000

(a) Does not include overlapping tax rates of Fort Bend County, Fort Bend County Drainage District, the City, Fort Bend County Emergency Services District No. 4, Lamar Consolidated Independent School District or the Katy Independent School District. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)—Overlapping Taxes."

## OFFICIAL STATEMENT

**\$2,570,000**

### **FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 169 (A political subdivision of the State of Texas located within Fort Bend County)**

#### **CONTRACT REVENUE BONDS (ROAD FACILITIES) SERIES 2022A**

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 169 (the “Master District” or the “District”) of its \$2,570,000 Contract Revenue Bonds (Road Facilities), Series 2022A (the “Bonds”).

The Bonds are issued pursuant to the Contract for Financing, Operation, and Maintenance of Regional Facilities, as amended (the “Master District Contract”) between the Master District and each of the MUD Participants (as defined below), Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the Master District (the “Board”) and an Indenture of Trust by and between the Master District and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as trustee dated as of August 1, 2012 (the “Road Indenture”).

This Official Statement includes descriptions, among others, of the Bonds; the Bond Resolution and the Road Indenture; certain other information about the District and Fort Bend County Municipal Utility District Nos. 170, 171, 172 and 173 (collectively, the “MUD Participants”); the approximate 3,293 acre area that comprises the boundaries of the MUD Participants (the “Service Area”) to be provided with regional water, sanitary sewer, and drainage facilities (“Master District Water/Sewer/Drainage Facilities”), regional park and recreational facilities (“Master District Park Facilities”), and arterial, collector, or thoroughfare roads and improvements in aid thereof (“Master District Road Facilities”) constructed by the Master District; the Master District Contract; CCR Texas Holdings LP (“CCR Texas”); CCR Loan Subsidiary 1, L.P. (“CCR Subsidiary”), Landmark Industries, Inc. (“Landmark”), Taylor Morrison of Texas Inc. (“Taylor Morrison”), The Market at CCR, Ltd. (the “Market at CCR”), and RK CCR North Ltd. (“RK CCR North”). The Master District Water/Sewer/Drainage Facilities, the Master District Park Facilities, and the Master District Road Facilities are collectively referred to herein as the “Master District Facilities.” All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents referenced herein may be obtained from the District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

## THE BONDS

### **Description**

The Bonds will be dated December 1, 2022 and interest will accrue from the Date of Delivery, with interest payable each June 1 and December 1, beginning June 1, 2023 (the “Interest Payment Date”), and will mature on the dates and in the amounts and accrue interest at the rates shown on the cover page hereof. If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds are issued in fully registered form, in denominations of \$5,000 or any integral multiple of \$5,000.

### **Method of Payment of Principal and Interest**

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A., Houston, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry-only system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the May 15 or November 15 immediately preceding each Interest Payment Date (defined herein as the “Record Date”), to the address of such Registered Owner as shown on the Paying Agent/Registrar’s records (the “Register”) or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

### **Source and Security of Payment**

The Bonds are payable solely from payments the MUD Participants make to the Trustee for the purpose of paying the debt service on the Bonds pursuant to the requirements of the Master District Contract. The Master District Contract provides that all MUD Participants shall pay a pro rata share of the annual debt service on any Road Contract Revenue Bonds issued by the Master District, including the Bonds, based upon each MUD Participant's gross certified assessed valuation as a percentage of the total gross certified assessed valuation of all MUD Participants. The debt service requirements shall be calculated to include the charges and expenses of paying agents, registrars and trustees utilized in connection with the Road Contract Revenue Bonds, the principal, interest and redemption requirements of the Road Contract Revenue Bonds and all amounts required to establish and maintain funds established under the Bond Resolution or Road Indenture. Each MUD Participant is obligated to pay its pro rata share of the annual debt service on the Road Contract Revenue Bonds from the proceeds of an annual ad valorem tax levied for such purpose by such MUD Participant on property within its boundaries, which is not limited as to rate or amount (the "Road Contract Tax"), revenues, if any, derived from the operation of its water distribution and wastewater collection system or from any other legally available funds of such MUD Participant. (Since the MUD Participants' water distribution and wastewater collection systems are required to be conveyed to the City of Fulshear (the "City") pursuant to individual utility agreements between the MUD Participants and the City, it is not expected that the MUD Participants will have any revenues from such systems.) Each MUD Participant's pro rata share of debt service requirements will be calculated annually by the Master District; however, the levy of a Road Contract Tax for the purpose of paying debt service on the Bonds is the sole responsibility of each MUD Participant. The Bonds are obligations of the Master District and are not obligations of the State of Texas, Fort Bend County, the City, any of the MUD Participants except the Master District, or any entity other than the Master District.

### **Road Contract Payments by the MUD Participants**

Principal of and interest on the Bonds are payable from and secured by each Participant's unconditional obligation to make certain payments pursuant to the Master District Contract. By execution of the Master District Contract, each Participant has agreed to make a Road Contract Payment in an amount equal to its pro rata share of the annual debt service on the Road Contract Revenue Bonds plus all charges and expenses of paying agents, registrars, and trustees, and all amounts required to establish and maintain funds, including the Road Reserve Fund, established under the Bond Resolution or Road Indenture based upon its gross certified appraisal valuation as a percentage of the total gross certified appraisal valuation of all Participants. Each Participant is obligated to make such payments from the proceeds of the Road Contract Tax levied by such Participant on property within its boundaries for such purpose, or from any other lawful source of funds. "See Source and Security of Payment" above. No Participant is liable for the payments due by any other Participant. See "MASTER DISTRICT CONTRACT."

The Master District shall calculate on or before September 1 of each year, or as soon thereafter as practical, the amount of Road Contract Payments due from each MUD Participant in the following calendar year. The Road Contract Payments shall be billed to each MUD Participant by the Master District on or before September 1 of the year prior to the year in which such Road Contract Payments become due, or as soon thereafter as practical. Such Road Contract Payments shall be due and payable from each MUD Participant to the Trustee semiannually by the dates specified by the Master District. The Master District specified March 1 and September 1 of each year as the dates by which the MUD Participants' Road Contract Payments are due to the Trustee. The Road Indenture provides that the Road Contract Payments will be paid directly to the Trustee semiannually on or before June 1 and December 1 of each year.

### **Unconditional Obligation to Pay**

All charges imposed by the Master District to pay debt service on the Bonds will be made by the MUD Participants without set-off, counterclaim, abatement, suspension or diminution. No MUD Participant will have any right to terminate the Master District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor will the obligations of the MUD Participants be otherwise affected for any reason, including without limitation acts or conditions of the Master District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Master District Facilities (as defined herein), failure of the Master District to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with the Master District Contract. All sums required to be paid by the MUD Participants to the Master District for such purposes will continue to be payable in all events and the obligations of the MUD Participants will continue unaffected, unless the requirement to pay is reduced or terminated pursuant to an express provision of the Master District Contract. If any MUD Participant disputes the amount to be paid to the Master District, the MUD Participant shall nonetheless promptly make payments as billed by the Master District, and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Master District will then make proper adjustments to all MUD Participants so that the MUD Participant will receive credit for its overpayments.

### **Funds**

In the Bond Resolution, the Road Debt Service Fund and the Road Reserve Fund are confirmed, and the proceeds from Road Contract Payments collected for and on account of the Bonds shall be deposited, as collected, in such funds. See "INDENTURE OF TRUST."

**Redemption Provisions**

*Mandatory Redemption:* The Bonds maturing on December 1 in each of the years 2029, 2031, 2033, 2035, 2037, 2039, 2042 and 2046 (the “Term Bonds”) also are subject to mandatory sinking fund redemption by the District by lot or other customary random method prior to scheduled maturity on December 1 in the years (“Mandatory Redemption Dates”) and in the amounts set forth below, subject to proportionate reduction as described below, at a redemption price of par plus accrued interest to the date of redemption:

<b>\$200,000 Term Bonds Due December 1, 2029</b>		<b>\$200,000 Term Bonds Due December 1, 2031</b>		<b>\$200,000 Term Bonds Due December 1, 2033</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2028	\$ 100,000	2030	\$ 100,000	2032	\$ 100,000
2029 (maturity)	100,000	2031 (maturity)	100,000	2033 (maturity)	100,000

  

<b>\$200,000 Term Bonds Due December 1, 2035</b>		<b>\$200,000 Term Bonds Due December 1, 2037</b>		<b>\$200,000 Term Bonds Due December 1, 2039</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2034	\$ 100,000	2036	\$ 100,000	2038	\$ 100,000
2035 (maturity)	100,000	2037 (maturity)	100,000	2039 (maturity)	100,000

  

<b>\$300,000 Term Bonds Due December 1, 2042</b>		<b>\$400,000 Term Bonds Due December 1, 2046</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>	<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2040	\$ 100,000	2043	\$ 100,000
2041	100,000	2044	100,000
2042 (maturity)	100,000	2045	100,000
		2046 (maturity)	100,000

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

*Optional Redemption:* The District reserves the right, at its option, to redeem the Bonds maturing on or after December 1, 2029, prior to their scheduled maturities, in whole or from time-to-time in part, in integral multiples of \$5,000 on December 1, 2028, or any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed will be selected by the District. If less than all the Bonds of a certain maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar by lot or other random method (or by DTC in accordance with its procedures while the Bonds are in book-entry only form).



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

### **Authority for Issuance**

Pursuant to individual elections, the voters of each MUD Participant approved the Master District Contract. The Master District Contract authorizes the Master District to issue \$121,450,000 in principal amount of Road Contract Revenue Bonds for acquiring and constructing Master District Road Facilities and refunding of such bonds. The Master District Contract also authorizes the Master District to issue other contract revenue bonds for other purposes. See "Issuance of Additional Debt" herein and "MASTER DISTRICT CONTRACT."

The Bonds are issued by the District pursuant to the terms and provisions of the Master District Contract, the terms and conditions of the Bond Resolution and the Road Indenture, Article III, Section 52 of the Texas Constitution, Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

Before the Bonds can be delivered, the Attorney General of Texas must pass upon the legality of certain 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.

### **Registration and Transfer**

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferable. See "BOOK-ENTRY-ONLY SYSTEM."

In the event the Book-Entry-Only System should be discontinued, Bonds shall be transferable only upon the presentation and surrender of such Bond at the principal payment office of the Paying Agent/Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Bond in proper form for transfer, the Paying Agent/Registrar has been directed by the District to authenticate and deliver in exchange therefore, within three (3) business days after such presentation, a new Bond or Bonds, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and paying interest at the same rate as the Bond or Bonds so presented. All Bonds shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination in an aggregate amount equal to the unpaid principal amount of the Bond or Bonds presented for exchange. The Paying Agent/Registrar is authorized to authenticate and deliver exchange Bonds. Each Bond delivered shall be entitled to the benefits and security of the Bond Resolution and the Road Indenture to the same extent as the Bond or Bonds in lieu of which such Bond is delivered. Neither the District nor the Paying Agent/Registrar shall be required to transfer or to exchange any Bond during the period beginning on the 15<sup>th</sup> calendar day of the month next preceding an Interest Payment Date and ending on the next succeeding Interest Payment Date or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond. The District or the Paying Agent/Registrar may require the Registered Owner of any Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Bond. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the District. The provisions of this paragraph are subject to the Book-Entry-Only System.

### **Lost, Stolen or Destroyed Bonds**

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefore a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

### **Replacement of Paying Agent/Registrar**

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

### **Issuance of Additional Debt**

The voters of the MUD Participants have approved the Master District Contract, which contract authorizes the Master District to issue contract revenue bonds in an amount not to exceed \$483,000,000 in principal amount for the purpose of constructing and acquiring all Master District Water/Sewer/Drainage Facilities and refunding of such bonds and in an amount not to exceed \$121,450,000 in principal amount for the purpose of constructing and acquiring all Master District Road Facilities and refunding of such bonds. Pursuant to the Master District Contract, approval by each MUD Participant and approval by the voters at an election held by each MUD Participant is required prior to any amendment to the Master District Contract that would increase such \$483,000,000 authorized amount, or such \$121,450,000 authorized amount.

After the issuance of the Bonds, the Master District will have \$337,350,000 principal amount of Water/Sewer/Drainage Contract Revenue Bonds authorized but unissued for the purpose of constructing or acquiring Master District Water/Sewer/Drainage Facilities and refunding of such bonds and \$45,765,000 principal amount of Road Contract Revenue Bonds authorized but unissued for the purpose of constructing or acquiring Master District Road Facilities and refunding of such bonds. The Master District Contract (except as described above), imposes no limitation on the amount of Road Contract Revenue Bonds the Master District may issue payable from the Road Contract Tax, no limitation on the amount of Water/Sewer/Drainage Contract Revenue Bonds the Master District may issue payable from the Water/Sewer/Drainage Contract Tax, and no limitation on the amount of other contract revenue bonds the Master District may issue payable from other taxes levied by the MUD Participants. See "INVESTMENT CONSIDERATIONS—Future Debt."

The District (in its capacity as a MUD Participant) and each other MUD Participant may issue bonds for water, wastewater and drainage facilities, park/recreational facilities, and road facilities necessary to provide improvements and facilities to serve land within their respective boundaries consistent with the purposes for which the District or such other MUD Participant was created. TCEQ approval is required before the District or a MUD Participant can issue bonds for water, wastewater and drainage facilities or park/recreational facilities. TCEQ approval is not currently required for the Master District or any of the MUD Participants to issue bonds for road facilities. See "INVESTMENT CONSIDERATIONS—Future Debt" and "THE DISTRICT AND SERVICE AREA—General."

The District and each other MUD Participant is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District or any other MUD Participant could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District or such MUD Participant; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board of Directors of the District has not considered calling an election to authorize firefighting activities at this time.

Issuance of additional bonds could dilute the investment security for the Bonds.

## **Dissolution**

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

## **Consolidation**

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

## **Remedies in Event of Default**

Upon the occurrence of an Event of Default (as defined herein), the Trustee may proceed to protect and enforce the rights of the Registered Owners of the Bonds. The Road Indenture provides certain limitations on the right of a Registered Owner of the Bonds to institute suits, actions or proceedings at law or in equity upon the occurrence of an Event of Default. See "THE INDENTURE OF TRUST—Remedies" and "—Limitation on Action by Owners." If the District defaults, the Trustee or, if permitted, the Registered Owners could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Resolution and the Master District Contract. Such remedy might need to be enforced on a periodic basis and may prove time-consuming, costly, and difficult to enforce. Other than a writ of mandamus, the Bond Resolution does not provide a specific remedy for a default. 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. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity. 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 judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the property of the Master District or property within the Service Area. Further, the Registered Owners cannot themselves foreclose on property within the Service Area or sell property within the Service Area to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitation to Registered Owners' Rights" and "THE INDENTURE OF TRUST—Remedies" and "—Limitation on Action by Owners."

## **Legal Investment and Eligibility to Secure Public Funds in Texas**

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

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

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

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

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

## **Defeasance**

The Bond 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, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

## **BOOK-ENTRY-ONLY SYSTEM**

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will so do on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this Official Statement. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, 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 rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All 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 Bonds 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. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Underwriter take any responsibility for the accuracy thereof.

## **THE INDENTURE OF TRUST**

The Road Contract Revenue Bonds are secured by an Indenture of Trust dated as of August 1, 2012 (the "Road Indenture") between the Master District and The Bank of New York Mellon Trust Company, N.A., Houston, Texas, as Trustee. Pursuant to the Road Indenture, the Master District has assigned and pledged to the Trustee all of the Master District's right, title and interest in and to the Road Contract Payments. Such Road Contract Payments, together with all amounts from time to time on deposit in the Road Debt Service Fund and Road Reserve Fund maintained by the Trustee pursuant to the Road Indenture, together with any other property from time to time hereafter conveyed or granted to the Trustee pursuant to the Road Indenture shall constitute the "Road Pledged Revenues" held by the Trustee under the Road Indenture.

Pursuant to the Road Indenture, the Trustee is to maintain the Road Debt Service Fund and Road Reserve Fund as trust funds to be held in trust solely for the benefit of the Registered Owners of the Road Contract Revenue Bonds. The Master District has covenanted in the Road Indenture that it will cause to be charged to each MUD Participant, for deposit into the Road Debt Service Fund, Road Contract Payments in amounts sufficient, together with other Road Pledged Revenues, to provide for the timely payment of all principal and interest due on the Road Contract Revenue Bonds. Subject to the provisions of applicable law and the Master District Contract, the Master District has covenanted in the Road Indenture to use its best efforts to cause to be paid by each MUD Participant all Road Contract Payments when due directly to the Trustee. The Road Debt Service Fund and the Road Reserve Fund are to be invested only in investments authorized by the laws of the State of Texas but must be invested in a manner such that the money required to be expended from any fund will be available at the proper time or times. Amounts in the Road Reserve Fund shall be used to pay interest on and principal of the Road Contract Revenue Bonds when insufficient funds are available for such purpose in the Road Debt Service Fund or shall be applied toward the payment of principal of or interest on the Road Contract Revenue Bonds in connection with a refunding or redemption. The Road Reserve Requirement has been established in the Bond Resolution to be a sum of money equal to one-half of the maximum annual debt service requirements on the Road Contract Revenue Bonds then outstanding. Pursuant to the Bond Resolution, any funds in excess of the Road Reserve Requirement held in the Road Reserve Fund may be deposited into the Road Debt Service Fund, as directed by the Master District's Board of Directors.

### **Events of Default**

The Road Indenture provides that an Event of Default shall be either of the following occurrences:

- (a) Failure to pay when due the principal, redemption price or interest on any Road Contract Revenue Bond; or
- (b) Failure to deposit into the Road Debt Service Fund money sufficient to pay any principal of or interest on any Road Contract Revenue Bond no later than the date when it becomes due and payable.

### **Remedies**

The Road Indenture provides that if an event of default by the Master District exists, then, in addition to other rights and remedies, the Trustee, subject to the provisions of the Road Indenture, may proceed to protect and enforce its rights and the rights of the Registered Owners by suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in the Road Indenture, the Bond Resolution or the Road Contract Revenue Bonds or in aid of the execution of any power granted in the Road Indenture or for the enforcement of any other legal, equitable or other remedy, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce any of the rights of the Trustee or such Registered Owners, including, without limitation, the right to seek a writ of mandamus issued by a court of competent jurisdiction compelling the board of directors or other officers of the Master District or any MUD Participant to make any Road Contract Payment (but only from and to the extent of the sources provided in the Road Indenture and the Master District Contract) or to observe and perform the covenants, obligations or conditions of the Road Indenture or the Master District Contract relating to the Road Contract Revenue Bonds. The Road Indenture provides that the Trustee may seek the appointment of receivers, may act without possession of the Road Contract Revenue Bonds, may act as attorney in fact for the Registered Owners of the Road Contract Revenue Bonds, that no remedy is exclusive and that the delay or omission in the exercise of any right or remedy shall not constitute a waiver.

The Road Indenture does not provide for any acceleration of maturity of the Road Contract Revenue Bonds or provide for the foreclosure upon any property or assets of the Master District, other than applying the Road Pledged Revenues in the manner provided in the Road Indenture.

### **Limitation on Action by Owners**

The Road Indenture imposes certain limitations on Registered Owners of Road Contract Revenue Bonds to institute suits, actions or proceedings at law or in equity for the appointment of a receiver or other remedy unless and until the Trustee shall have received the written request of the Registered Owners of not less than 25% of all Road Contract Revenue Bonds then outstanding and the Trustee shall have refused or neglected to institute such suit, action or proceeding for a period of 10 days after having been furnished reasonable indemnity. Notwithstanding the foregoing, Registered Owners of more than 50% of the aggregate principal amount of the Road Contract Revenue Bonds then outstanding shall have the right, by written instrument delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Road Indenture or for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee or any other proceedings under the Road Indenture; provided, however, that such direction shall not be contrary to law or the provisions of the Road Indenture, and the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability or would be unjustly prejudicial to the Registered Owners of the Road Contract Revenue Bonds not consenting.

### **Amendments to the Indenture of Trust**

Under Section 9.01 of the Road Indenture, the Master District and the Trustee may, without the consent of the Registered Owners of any of the Road Contract Revenue Bonds, enter into one or more supplemental indentures, which shall form a part of the Road Indenture, for any one or more of the following purposes:

(a) to cure any ambiguity, inconsistency or defect or omission in the Road Indenture, or any supplemental indenture, so long as said cure is not inconsistent with the Road Indenture and does not adversely affect the interests of the Registered Owners of any outstanding Road Contract Revenue Bonds;

(b) to grant to or confer upon the Trustee for the benefit of the Registered Owners of the Road Contract Revenue Bonds any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners of the Road Contract Revenue Bonds or the Trustee or either of them;

(c) to subject to the lien of the Road Indenture additional revenues, properties or collateral;

(d) to modify, amend or supplement the Road Indenture or any supplemental indenture in such manner as to provide further assurances that interest on the Road Contract Revenue Bonds will, to the greatest extent legally possible, be excludable from gross income for federal income tax purposes;

(e) to obtain or provide for bond insurance for any Road Contract Revenue Bonds; provided, however, the Master District (at its option) may obtain or provide for bond insurance for any Road Contract Revenue Bonds through Bond Resolution(s) without the need for a supplemental indenture;

(f) to add to any statutory terms and conditions imposed on the City (or any other entity that may become the legal successor to the Master District) in connection with the assumption of the Master District's obligations under the Road Indenture;

(g) to create (or provide for the terms and conditions of) additional funds, and accounts or sub-accounts within any funds established by the Road Indenture or the bond resolutions authorizing Road Contract Revenue Bonds; provided, however, the Master District (at its option) may do any of same without the need for a supplemental indenture;

(h) to modify any of the provisions of the Road Indenture or any supplemental indenture in any respect whatsoever, provided that such action shall not adversely affect the interests of the Registered Owners of any outstanding Road Contract Revenue Bonds; provided, however, prior to the joining in the execution of any modification of the Road Indenture pursuant to this subsection, the Trustee shall receive an opinion of counsel stating that such modification is authorized and permitted under the Road Indenture; and

(i) to obtain or provide for one or more debt service reserve fund surety policies to satisfy some or all of the Road Reserve Requirement.

Except as provided in the preceding paragraph, any modification, change or amendment of the Road Indenture may be made only by a supplemental indenture adopted and executed by the Master District and the Trustee with the consent of the Registered Owners of not less than a majority of the aggregate principal amount of the Road Contract Revenue Bonds then outstanding. However, without the consent of the Registered Owner of each outstanding Road Contract Revenue Bond, no modification, change or amendment to this Road Indenture shall:

(1) extend the time of payment of the principal thereof or interest thereon, or reduce the principal amount thereof or premium, if any, thereon, or the rate of interest thereon, or make the principal thereof or premium, if any, or interest thereon payable in any coin or currency other than any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, or deprive such Registered Owner of the lien imposed by the Road Indenture on the revenues pledged in the Road Indenture; or

(2) change or amend the Road Indenture to permit the creation of any lien on the revenues pledged in the Road Indenture equal or prior to the lien imposed by the Road Indenture.

### **Contract Revenue Bonds Other Than Road Contract Revenue Bonds**

The Road Indenture provides that the Master District reserves the right to issue Water/Sewer/Drainage Contract Revenue Bonds pursuant to an Indenture of Trust dated as of December 1, 2009 between the Master District and The Bank of New York Mellon Trust Company, N.A., (“Water/Sewer/Drainage Indenture”) and (if then authorized by the Master District Contract) contract revenue bonds to fund Master District Park Facilities and to require the MUD Participants to make payment for same as provided for in the Master District Contract. The lien and revenues pledged by the Road Indenture do not include: (i) any payments to be made to the Master District by the MUD Participants pursuant to the Water/Sewer/Drainage Indenture, (ii) any payments, including the Water/Sewer/Drainage Contract Payments, to be made to the Master District by the MUD Participants to pay for Water/Sewer/Drainage Contract Revenue Bonds: nor (iii) any payments to be made to the Master District by the MUD Participants to pay for (if then authorized by the Master District Contract) contract revenue bonds to fund Master District Park Facilities.

### **Removal or Resignation of Trustee**

The Trustee may be removed at any time by an instrument or concurrent instruments in writing, signed by the Registered Owners of a majority in principal amount of the Road Contract Revenue Bonds then outstanding and delivered to the Trustee, with notice thereof given to the Master District.

The Trustee may at any time resign and be discharged from the trusts created by giving written notice to the Master District and by providing written notice to the Registered Owners of its intended resignation at least sixty (60) days in advance thereof. Such notice shall specify the date on which such resignation shall take effect and shall be sent by first class mail, postage prepaid to each Registered Owner of Road Contract Revenue Bonds. Resignation by the Trustee shall not take effect unless and until a successor to such Trustee shall have been appointed as hereinafter provided.

### **Appointment of Successor Trustee**

In case the Trustee shall resign, or shall be removed or dissolved, or shall be in the course of dissolution or liquidation, or shall otherwise become incapable of acting under the Road Indenture, or in case the Trustee shall be taken under control of any public officer or officers or a receiver appointed by a court, a successor may be appointed by the Registered Owners of a majority in principal amount of the Road Contract Revenue Bonds then outstanding, by an instrument or concurrent instruments in writing, signed by such Registered Owners or their duly authorized representatives and delivered to the Trustee, with notice thereof given to the Master District; provided, however, that in any of the events above mentioned, the Master District may nevertheless appoint a temporary Trustee to fill such vacancy until a successor shall be appointed by the Registered Owners in the manner above provided, and any such temporary Trustee so appointed by the Master District shall immediately and without further act be automatically succeeded by the successor to the Trustee appointed by the Registered Owners. The Master District shall provide written notice to the Registered Owners of the appointment of any successor Trustee, whether temporary or permanent, in the manner provided for providing notice of the resignation of the Trustee as described above under “Removal or Resignation of Trustee.” Any successor Trustee or temporary Trustee shall be a trust company or bank in good standing located in or incorporated under the laws of the State of Texas duly authorized to exercise trust powers and subject to examination by federal or state authority, having a reported capital and surplus of not less than \$100,000,000.

In the event that no appointment of a successor Trustee is made by the Registered Owners or by the Master District pursuant to the foregoing provisions at the time a vacancy in the office of the Trustee shall have occurred, the Registered Owner of any Road Contract Revenue Bond issued hereunder or the retiring Trustee may apply to any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice as it shall deem proper, if any, appoint a successor Trustee.

### **Merger, Conversion or Consolidation of Trustee**

Notwithstanding any provision of the Road Indenture to the contrary, any corporation or association into which the Trustee may be merged or converted, or with which it may be consolidated, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, or any corporation or association resulting from any merger, conversion or consolidation to which the Trustee shall be a party, shall be the successor Trustee under the Road Indenture without the execution or filing of any instrument or any other act on the part of the Trustee or the Master District.



## USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by BGE, Inc., the District's engineer (the "Engineer"). Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor.

### CONSTRUCTION COSTS

Morgans Spur Drive Extension No. 4 and 5 Reinforced Concrete Paving	\$ 556,568
Fulshear Bend Drive Extension No. 6 Reinforced Concrete Paving	1,077,798
York Way in Creek Rush Section Two Reinforced Concrete Paving	180,572
Street Lights	50,199
Engineering	355,155
Advertisement	304
Geotechnical Report	3,241
Materials Testing	57,396
Land Acquisition Costs	332,092
Less: Surplus Funds	(566,236)
<b>Total Construction Costs</b>	<b>\$ 2,047,089</b>

### NON- CONSTRUCTION COSTS

Legal Fees	\$ 77,100
Financial Advisor Fees	51,400
Developer Interest (estimated at 5.50%)	29,709
Debt Service Reserve Fund (a)(b)	175,576
Bond Discount	76,858
Bond Issuance Expenses	44,556
Bond Engineering Report Cost	45,000
Attorney General Fee	2,570
Contingency (b)	20,142
<b>Total Non-Construction Costs</b>	<b>\$ 522,911</b>
<b>TOTAL BOND ISSUANCE REQUIREMENT</b>	<b>\$ 2,570,000</b>

- (a) The deposit to the Road Reserve Fund is based on the actual amount needed to satisfy the Road Reserve Requirement associated with the issuance of the Bonds.
- (b) Contingency represents the difference between the estimated and actual Bond Discount and the difference between the estimated and actual amount to be deposited in the Road Reserve Fund to satisfy the Road Reserve Requirement. Such contingencies can be used for purposes allowed, including payment for other projects.

## THE MUD PARTICIPANTS

### Creation, Authority and Description

All MUD Participants (including the District) were created by the TCEQ as municipal utility districts. Each MUD Participant has the power to construct, operate and finance water, sanitary sewer, drainage, park/recreational facilities and arterial, collector and thoroughfare road facilities pursuant to Chapter 49 and 54 of the Texas Water Code, as amended. Each MUD Participant may issue bonds, with the authorization of its board of directors and (if payable from taxes) its voters, to acquire and maintain water, sanitary sewer, and drainage, and park/recreational facilities, and arterial, collector and thoroughfare road facilities, to serve the land within its boundaries. Issuance of bonds for water, sanitary sewer and drainage and park and recreational facilities requires the approval of the TCEQ; issuance of road bonds does not require approval of the TCEQ. Each MUD Participant may also establish, operate, and maintain a fire department or contract for firefighting services, if the TCEQ and its voters approve a plan for that purpose.

### Authorized Bonds

Voters in the District and in each of the other MUD Participants have each approved the authorization of unlimited tax bonds for purposes of providing water distribution, wastewater collection and storm drainage facilities, parks/recreational facilities and road facilities to serve land within their boundaries.

The District, in its capacity as a MUD Participant, has not issued bonds to date. MUD 170 has issued eight series of unlimited tax bonds in the aggregate amount of \$31,435,000, including \$7,900,000 principal amount of unlimited tax bonds which sold on October 3, 2022 and are expected to be issued on November 8, 2022. MUD 171 has issued five series of unlimited tax bonds in the aggregate amount of \$15,970,000 and three series of refunding bonds in the aggregate amount of \$12,045,000. MUD 172 has issued seven series of unlimited tax bonds in the aggregate amount of \$34,745,000 and one series of refunding bonds in the aggregate amount of \$4,480,000 and expects to issue approximately \$4,555,000 principal amount of unlimited tax park bonds in the fourth quarter of 2022. MUD 173 has issued five series of unlimited tax bonds in the aggregate amount of \$26,300,000. See "APPENDIX A" for a description of the voter authorized bonds for each MUD Participant.

### Utility Agreement with the City

The District operates pursuant to a Utility Agreement between the City and the District dated as of December 18, 2007, as amended (the "Utility Agreement"). The Utility Agreement provides that it is in effect from December 18, 2007 and continues for a term of 30 years from the year after the year the District issues unlimited tax bonds unless otherwise previously terminated pursuant to some term or condition of the Utility Agreement. The Utility Agreement provides that the District, in addition to providing water, wastewater and drainage facilities to serve the land within its boundaries, will act as the coordinating entity for regional water, sewer, drainage, roads, and park and recreational facilities to serve the Service Area and will operate as the Master District. Pursuant to the Utility Agreement, the District agreed to acquire and construct, for ultimate conveyance to the City, certain Master District Facilities and internal water, wastewater and drainage facilities (collectively, the "District Utility Facilities") and the City has agreed to make annual payments (as described herein) to the District in consideration of the District constructing the District's internal water, wastewater and drainage facilities (except detention ponds, drainage channels, and non-potable water facilities) on behalf of the City. Each MUD Participant has a similar utility agreement with the City providing that each MUD Participant's internal water, wastewater, and drainage facilities (except detention ponds, drainage channels, and non-potable water facilities) will be conveyed to the City for ownership and operation by the City and the City will make annual payments to the MUD Participant in consideration of the MUD Participant's constructing such internal facilities on behalf of the City.

The Facilities: The Utility Agreement provides that the District Utility Facilities shall be designed and constructed in accordance with the City's requirements and criteria. In its capacity as Master District, the District will construct a regional wastewater treatment plant to serve the Service Area, including the District. The District is authorized to construct 500,000 gallons per day of interim wastewater treatment plant capacity, and all additional capacity is required to be provided by permanent plant facilities. The District will also construct such water supply and detention and drainage facilities as it deems appropriate to serve the Service Area. See "THE SYSTEM."

Authority of District to Issue Bonds: The District has the authority to issue, sell, and deliver bonds as permitted by law and the City's Consent Resolution (hereinafter defined). Bonds issued by the District are obligations solely of the District and shall not be construed to be obligations or indebtedness of the City.

**Ownership, Operation, and Maintenance of the Utility Facilities:** Upon completion of construction of the District Utility Facilities, the District agrees to convey such facilities to the City, reserving for itself a security interest in such facilities for the purpose of securing the performance of the City under the Utility Agreement. When all bonds issued by the District to acquire and construct the applicable District Utility Facilities have been paid or redeemed and discharged in full, the District agrees to execute a release of the security interest retained by the District and the City shall own the District Utility Facilities without such encumbrance. As each phase of the District Utility Facilities is completed, the City agrees to inspect the same and upon approval, will accept the District Utility Facilities for operation and maintenance. From then on, the District Utility Facilities shall be operated and maintained by the City at its sole cost and expense. Construction of the water, sewer and drainage facilities internal to the District has commenced, and the District has completed and conveyed to the City, to date, Master District Facilities and a portion of District Utility Facilities internal to the District. Initially the City operated the District Utility Facilities by contracting with a qualified third-party company, and now that the land within the MUD Participants has more than 3,000 connections, the City is authorized by the Utility Agreement to independently operate the District Utility Facilities. On May 1, 2021, the City began independently operating the District Utility Facilities. The City continues to keep Inframark, Inc. under contract as needed to operate the District Utility Facilities and the water and sewer facilities of the other MUD Participants. Detention pond and drainage ditch facilities, as well as park/recreational facilities and non-potable water facilities, constructed by the District that serve the Service Area are not conveyed to the City and the District, as the Master District is responsible for operation and maintenance thereof.

The Utility Agreement provides that the City shall fix rates and charges for customers of the District Utility Facilities for services afforded by the District Utility Facilities, provided that such rates and charges will not exceed the rates charged other users within the City. Other than water and sewer rates and tap fees, the City may not impose any additional fee or charge (including a capital recovery fee or impact fee) on users of the District Utility Facilities. The District is not entitled to any water and sewer charges, tap fees, or any other revenue from the District Utility Facilities, as all of same belongs exclusively to the City.

**Annual Payment:** The City agrees to pay to the District the Annual Payment (as herein defined) on February 28<sup>th</sup> of each year following the year the District, in its capacity as a MUD Participant, issues its first series of unlimited tax bonds and shall continue for 30 years from the year after the year the District first issues unlimited tax bonds; provided, however, the City will not be required to pay the Annual Payment to the District once the District no longer has debt service on the unlimited tax bonds issued to finance the internal water, wastewater and drainage facilities described below. Although development and construction of facilities internal to the District has commenced, it is currently unknown when the District will issue unlimited tax bonds, and, therefore, also unknown when the District will start to receive the Annual Payment. The Utility Agreement provides that the Annual Payment shall be deposited by the District into a debt service fund and allocated only to the payment of debt service on unlimited tax bonds issued by the District to finance the District's internal water, wastewater and drainage facilities (except any detention ponds, drainage channels and non-potable water facilities). The Annual Payment may not be used to pay the District's contractual obligation to pay a portion of the debt service on Contract Revenue Bonds issued by the Master District to finance regional facilities. The Utility Agreement does not require the District to pledge the Annual Payment for payment of the debt service on the District's unlimited tax bonds. Therefore, the Annual Payment is subject to modification by agreement of the District and the City.

The Annual Payment shall be calculated by the City annually. The Annual Payment is equal to a percentage (the "Percentage"), initially 0.062510%, times the taxable assessed value for all property within the District on the City's tax rolls (the "Annual Payment"). The Percentage shall be adjusted based on the City's tax rate, as follows: in the event the City's ad valorem tax is (i) equal to or greater than \$0.22 per \$100 of assessed value, but less than \$0.24 per \$100 of assessed value, then the Percentage shall be 0.07%, (ii) equal to or greater than \$0.24 per \$100 of assessed value but less than \$0.26 per \$100 of assessed value, then the Percentage shall be 0.08%, (iii) equal to or greater than \$0.26 per \$100 of assessed value but less than \$0.28 per \$100 of assessed value, then the Percentage shall be 0.09%, (iv) equal to or greater than \$0.28 per \$100 of assessed value but less than \$0.30 per \$100 of assessed value, then the Percentage shall be 0.10%, or (v) equal to or greater than \$0.30 per \$100 of assessed value, then the Percentage shall be 0.11%.

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

### **Debt Service Tax**

Each of the MUD Participants, including the District, has the statutory authority to issue unlimited tax bonds for the purpose of providing water distribution, wastewater collection and storm drainage facilities, road facilities, and park/recreational facilities to serve the land within its boundaries. To the extent MUD Participants issue such bonds, the bonds are secured by a continuing, annual unlimited ad valorem tax adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to the Water/Sewer/Drainage Contract Tax and the Road Contract Tax. See "THE MUD PARTICIPANTS—Authorized Bonds" and "APPENDIX A" for a description of the voter authorized bonds for each MUD Participant.

## **Contract Tax**

The District as the Master District has the authority to issue Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds pursuant to the Master District Contract. The pro rata share of the debt service requirements on the Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds for each MUD Participant, including the District, shall be determined by dividing each MUD Participant's gross certified assessed value by the total of all of the MUD Participants' gross certified assessed valuation. The Master District Contract obligates each MUD Participant to pay its pro rata share of annual debt service requirements on the Water/Sewer/Drainage Contract Revenue Bonds from the proceeds of an annual unlimited Water/Sewer/Drainage Contract Tax, from revenues, if any, derived from the operation of its water distribution and wastewater collection system, or from any other legally available funds. The Master District Contract obligates each MUD Participant to pay its pro rata share of annual debt service requirements on the Road Contract Revenue Bonds from the proceeds of an annual unlimited Road Contract Tax, from revenues, if any, derived from the operation of its water distribution and wastewater collection system, or from any other legally available funds. Since the water distribution and wastewater collection systems of each MUD Participant, including the District, are expected to be conveyed to the City, it is not expected that the MUD Participants will have any revenues from such systems and it is expected that all of such system revenues will belong to the City. The debt service requirement shall include principal, interest and redemption requirements on the Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds, charges and expenses of paying agents/registrars and trustees, and all amounts necessary to establish and maintain funds established under the resolution(s) or indenture(s) of trust pursuant to which the Master District's Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds are issued. Water/Sewer/Drainage Contract Payments (all of which are derived from the Water/Sewer/Drainage Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Road Contract Revenue Bonds, including the Bonds; or (ii) fund or maintain the Road Reserve Fund. Road Contract Payments (all of which are derived from the Road Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on Water/Sewer/Drainage Contract Revenue Bonds; or (ii) fund or maintain the Water/Sewer/Drainage Reserve Fund.

## **Maintenance Taxes**

Each of the MUD Participants, including the District, has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of water distribution, wastewater collection, storm drainage facilities, road facilities and park/recreational facilities to serve land within its boundaries. Such a maintenance tax has been authorized by each MUD Participant's voters. A maintenance tax is in addition to: (i) taxes which the MUD Participant is authorized to levy for paying principal of and interest on its unlimited tax bonds, (ii) the Water/Sewer/Drainage Contract Tax, and the (iii) the Road Contract Tax.

## **Management**

Each MUD Participant is governed by a board of directors, consisting of five (5) members, which has control and management of all affairs of such MUD Participant. Unless all candidates are unopposed, a directors election will be held within the boundaries of each MUD Participant in May in even-numbered years. Directors are elected to serve four-year staggered terms. All directors must reside or own property within the MUD Participant on whose board they serve. None of the MUD Participants has any employees. Each MUD Participant contracts for all services required to maintain its operations. The TCEQ exercises continuing supervisory jurisdiction over each MUD Participant, and construction by each MUD Participant of water, wastewater and storm drainage facilities. Construction of any road facilities is subject to regulation by other government entities.

## **Financial Data**

For more information on each MUD Participant, including historical tax rates. See "APPENDIX A."

## **Enlargement of Service Area/Future MUD Participants**

The Master District has contracted with MUD Participants covering the Service Area. The Service Area currently includes approximately 3,293 acres. The Service Area may only be enlarged upon the approval of two-thirds (2/3) of all MUD Participants. Such an enlargement of the Service Area may occur by a MUD Participant annexing additional land into its boundaries or by the Master District contracting with participant(s) other than the MUD Participants. Any contract with a participant outside the existing Service Area and any enlargements in size and capacity of the Master District Facilities is subject to the terms and conditions of the Master District Contract and must not impair the right of the existing MUD Participants to receive services from the Master District, which are established under the Master District Contract for the number of connections reserved to the MUD Participant, except with the consent of the MUD Participants. The Master District agrees that it will only contract with participants other than the MUD Participants, if any, on substantially the same terms and conditions as are set out in the Master District Contract.

## MASTER DISTRICT CONTRACT

The District, in its capacity as a MUD Participant, MUD 170, MUD 171, MUD 172 and MUD 173 have executed the Master District Contract with the Master District as MUD Participants and obtained the approval of the Master District Contract from voters of the MUD Participants at an election held within its boundaries.

The Master District provides the regional water, sanitary sewer, drainage, park/recreational and road facilities (collectively, the “Master District Facilities”) necessary to serve the Service Area. By execution of the “Contract for Financing, Operation, and Maintenance of Regional Facilities”, as amended (the “Master District Contract”), each of the MUD Participants agrees that the Master District will construct Master District Facilities. In addition, each MUD Participant will be obligated to make contract payments equal to its pro rata share of annual debt service (i) on the Water/Sewer/Drainage Contract Revenue Bonds, plus all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain funds, including the Water/Sewer/Drainage Reserve Fund established under the bond resolutions for Water/Sewer/Drainage Contract Revenue Bonds or the Water/Sewer/Drainage Indenture based upon the gross certified assessed valuation of each such MUD Participant as a percentage of the total gross certified assessed valuation of all MUD Participants (“Water/Sewer/Drainage Contract Payment(s)"); and (ii) on the Road Contract Revenue Bonds, including the Bonds, plus all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain funds, including the Road Reserve Fund established under the Bond Resolution or Road Indenture based upon the gross certified assessed valuation of each such MUD Participant as a percentage of the total gross certified assessed valuation of all MUD Participants (the “Road Contract Payment(s)"). The Master District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Master District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

The Master District Facilities will be financed pursuant to the Master District Contract. The Master District is authorized to issue contract revenue bonds in the principal amount of \$483,000,000 for acquiring and constructing regional water, sewer and drainage facilities (and for the purpose of refunding such bonds), and \$121,450,000 principal amount for acquiring and constructing arterial, collector or thoroughfare roads and improvements in aid thereof (and for the purpose of refunding such bonds). Pursuant to the Master District Contract, approval by each MUD Participant and approval by the voters at an election held by each MUD Participant is required prior to any amendment to the Master District Contract that would increase such \$483,000,000 authorized amount, or such \$121,450,000 authorized amount. After issuance of the Bonds, the Master District will be authorized under the Master District Contract to issue an additional \$45,765,000 of Road Contract Revenue Bonds and an additional \$337,350,000 of Water/Sewer/Drainage Contract Revenue Bonds. Each MUD Participant's pro rata share of the debt service requirements on the Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds is determined annually by dividing the MUD Participant's certified gross appraised value by the cumulative total of the certified gross appraised values of all the MUD Participants. The Master District Contract obligates each MUD Participant to pay its pro rata share of annual debt service requirements on the Water/Sewer/Drainage Contract Revenue Bonds from the proceeds of an annual ad valorem tax levied for such purpose by such MUD Participant on property within its boundaries, which is not limited as to rate or amount (the “Water/Sewer/Drainage Contract Tax”), revenues, if any, derived from the operation of the MUD Participant's water distribution and wastewater collection system or from any other legally available funds of the District. The Master District Contract obligates each MUD Participant to pay its pro rata share of annual debt service requirements on the Road Contract Revenue Bonds from the proceeds of an annual ad valorem tax levied for such purpose by such MUD Participant on property within its boundaries, which is not limited as to rate or amount (the “Road Contract Tax”), revenues, if any, derived from the operation of the MUD Participant's water distribution and wastewater collection system or from any other legally available funds of the District. See “TAX DATA—Contract Tax.” Since each MUD Participant's water distribution and wastewater collection system is required to be conveyed to the City pursuant to the utility agreement between the MUD Participant and the City, it is not expected that any MUD Participant will have any revenues from such system. All of such system revenues belong to the City. See “THE MUD PARTICIPANTS—Utility Agreement with City.”

Each MUD Participant will be obligated severally, but not jointly, to make Water/Sewer/Drainage Contract Payments to the Master District in an amount sufficient to pay its pro rata share of the annual debt service requirements on Water/Sewer/Drainage Contract Revenue Bonds issued by the Master District and to make Road Contract Payments to the Master District in an amount sufficient to pay its pro rata share of the annual debt service requirements on Road Contract Revenue Bonds issued by the Master District. No MUD Participant is obligated, contingently or otherwise, to make any Water/Sewer/Drainage Contract Payments or Road Contract Payments owed by any other MUD Participant; however, lack of payment, as required by the Master District Contract, of Water/Sewer/Drainage Contract Payments by any MUD Participant could result in an increase in the Water/Sewer/Drainage Contract Payment amount paid by each of the other MUD Participants and lack of payment of Road Contract Payments by any MUD Participant could result in an increase in the Road Contract Payment amount paid by each of the other MUD Participants during the time that such MUD Participant's payment is delinquent.

The Master District Contract originally authorized the Master District to pay the capital costs of designing and constructing the regional park/recreational facilities (“Master District Park Facilities”) through either: (1) issuance of contract revenue bonds in a principal amount not to exceed \$237,440,000 to pay for Master District Park Facilities and refund bonds issued for Master District Park Facilities, all of which bonds would be payable from and secured by the MUD Participants’ unconditional obligation to make payments to the Master District from the proceeds of ad valorem taxes levied by the MUD Participants, or (2) park construction charges (“Park Construction Charges”) imposed by the Master District on each MUD Participant based on the number of connections reserved by a MUD Participant. In January 2012, each MUD Participant executed an amendment to the Master District Contract providing that the Master District will fund Master District Park Facilities through such Park Construction Charges to be paid by each MUD Participant (including the District in its capacity as a MUD Participant). Accordingly, the Master District is not authorized to issue any of said \$237,440,000 for contract revenue bonds to fund Master District Park Facilities unless the Master District Contract is amended by the MUD Participants in the future to allow it to do so. The Master District Contract provides that the Master District will compute Park Construction Charges on the basis of the then estimated total capital costs of providing the Master District Park Facilities for all of the Service Area minus the Park Construction Charges which have been previously paid to the Master District, and dividing the result by the number of estimated total connections to be constructed within the Service Area minus the number of connections for which Park Construction Charges have been previously paid to the Master District. Each MUD Participant may issue bonds, or use other legally available funds, to pay for Park Construction Charges. In no event will a MUD Participant owe an amount for Park Construction Charges (whether paid by bond proceeds of the MUD Participant or other available funds) that exceeds any legal limit that would apply if the MUD Participant were to fund its obligation to pay for Park Construction Charges solely through the issuance of bonds. Under Section 49.4645 of the Water Code, the outstanding principal amount of bonds issued by any MUD Participant to finance park/recreational facilities may not exceed an amount equal to one percent (1%) of the value of the taxable property in that district, unless the MUD Participant meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by any MUD Participant may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in that district. Park Construction Charges are generally due from each MUD Participant to the Master District at the time a MUD Participant reserves capacity in the Master District Facilities; however, no Park Construction Charges are due until a MUD Participant’s certified taxable value exceeds \$100,000,000. The Master District Contract allows the Master District to delay the due date for Park Construction Charges from a MUD Participant until such time as that MUD Participant has sufficient bond funds available to pay same. The Master District may refuse to allow a MUD Participant to receive additional connections in the Master District Facilities if the MUD Participant fails to pay the Master District the Park Construction Charges. For the purpose of funding Park Construction Charges, the Master District may require that each MUD Participant file one or more bond applications with the TCEQ no later than the date that 75% of the above-ground improvements within the MUD Participant have been constructed or are under construction. MUD 171 has issued \$1,600,000 of unlimited tax bonds for the purpose of paying Park Construction Charges to the Master District and paid the Master District for additional Park Construction Charges in 2016 using surplus bond proceeds and operating funds. MUD 172 has issued \$4,900,000 of unlimited tax bonds for the purpose of paying Park Construction Charges to the Master District and expects to issue approximately \$4,555,000 unlimited tax bonds for the same purpose in the fourth quarter of 2022. MUD 172 also expects to use surplus operating funds to pay the Master District for additional Park Construction Charges in the fourth quarter of 2022. MUD 170 has issued \$1,335,000 of unlimited tax bonds for the purpose of paying Park Construction Charges to the Master District. MUD 173 has issued approximately \$3,850,000 of unlimited tax bonds for the purpose of paying Park Construction Charges to the Master District.

The Master District Facilities will be constructed in stages to meet the needs of a continually expanding population within the Service Area. In the event that the Master District fails to meet its obligations under the Master District Contract to provide Master District Water/Sewer/Drainage Facilities, each of the other MUD Participants has the right pursuant to the Master District Contract to design, acquire, construct, or expand such regional facilities needed to provide service to such MUD Participants, and convey such facilities to the Master District in consideration of payment by the Master District of the actual reasonable and necessary capital costs expended by such MUD Participant for such facilities.

Each MUD Participant is further obligated to pay monthly charges for its share of the Master District’s operation and maintenance expense in connection with the Master District’s provision of service from regional park/recreational, detention pond, and drainage ditch facilities and service from any regional water, sanitary sewer, storm sewer, or road facilities that are not being fully operated or maintained by the City. The monthly charges will be used to pay the MUD Participant’s share of Master District operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. The MUD Participant’s share of operation and maintenance expenses and reserve requirements is based upon a unit cost of operation and maintenance expense and reserve requirements, calculated and expressed in terms of cost per equivalent single-family residential connection. The MUD Participant’s monthly payment for operation and maintenance expenses is calculated by multiplying the number of equivalent single-family residential connections reserved to the MUD Participant on the first day of the previous month by the unit cost per equivalent single-family residential connection.

Pursuant to the Master District Contract, each MUD Participant is obligated to levy and collect the Water/Sewer/Drainage Contract Tax and Road Contract Tax, together with taxes levied and funds received from any other lawful sources, in amounts that are sufficient at all times to pay the MUD Participant's obligations pursuant to the Master District Contract, including the MUD Participant's pro rata share of the Master District's annual debt service requirements on the Road Contract Revenue Bonds, including the Bonds, the Water/Sewer/Drainage Contract Revenue Bonds and monthly charges. All sums payable by each MUD Participant pursuant to the Master District Contract are to be paid by the MUD Participant without set off, counterclaim, abatement, suspension or diminution.

## **THE DISTRICT AND THE SERVICE AREA**

### **General**

The Master District is a municipal utility district created by the TCEQ on August 21, 2007. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to utility districts, including Article XVI, Section 59 of the Texas Constitution, Article III, Section 52 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended.

The Master District is empowered, among other things, to purchase and construct all works, improvements, facilities and plants necessary to be the provider of regional water, sanitary sewer, drainage, park/recreational and road facilities. The Master District will operate and maintain those facilities that are not conveyed to the City for operation (including park/recreational facilities, detention pond and drainage ditch facilities, and non-potable water facilities).

The TCEQ exercises continuing supervisory jurisdiction over the MUD Participants, including the Master District. The Master District, pursuant to the City resolution consenting to the creation of the District (the "City's Consent Resolution") is required to observe certain requirements of the City which (1) limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, park/recreational, road, and fire-fighting facilities, and for refunding purposes, (2) limit the net effective interest rate on such bonds and other terms of such bonds, (3) require approval by the City of District construction plans (except for park/recreational facilities), and (4) permit connections only to platted lots and reserves which have been approved by the Planning Commission of the City. Construction and operation of facilities constructed by the District is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

### **Description and Location**

The District in its capacity as a MUD Participant encompasses approximately 321 acres of land. The Master District Contract provides that the District, in its capacity as Master District, has a Service Area of approximately 3,293 acres, which is comprised of the land within the District, MUD 170, MUD 171, MUD 172 and MUD 173. The Master District and its Service Area are located approximately 31 miles west of the central downtown business district of the City of Houston. The District and Service Area are located within Fort Bend County. The Service Area lies wholly within the corporate boundaries of the City and within the boundaries of either the Katy Independent School District or Lamar Consolidated Independent School District. Access to the Service Area is currently provided by Interstate Highway 10 west or U.S. Highway 59 south to Texas State Highway 99 (the "Grand Parkway"), a limited access state highway, and the Westpark Tollway.

## Land Use

The Service Area currently includes 5,812 single-family residential lots developed on approximately 2,131 acres (includes 41 lots on approximately 10 acres under construction), approximately 349 acres of commercial and other development, 21 acres for a welcome center and two recreation centers, approximately 709 undevelopable acres that are currently considered not developable (Flewellen Creek, public rights-of-way, drainage ditches, detention ponds, open spaces, easements, parks, utility sites and plant sites), and approximately 83 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities. The following tables represent a detailed breakdown of the current acreage and development in the Service Area as of August 25, 2022.

<u>Single Family Residential</u>	Approximate <u>Acres</u>	<u>Lots/ESFCs</u>	<u>Single Family Residential</u>	Approximate <u>Acres</u>	<u>Lots/ESFCs</u>
<b><u>Fort Bend MUD No. 169</u></b>			<b><u>Fort Bend MUD No. 172</u></b>		
Creek Rush at Cross Creek Ranch, Section 1	19	80	Creekbend at Cross Creek Ranch Section 1	22	53
Creek Rush at Cross Creek Ranch, Section 2	22	88	Creekbend at Cross Creek Ranch Section 2	17	60
Creek Rush at Cross Creek Ranch, Section 3	41	88	Creekbend at Cross Creek Ranch Section 3	13	36
Creek Rush at Cross Creek Ranch, Section 4	21	62	Creekbend at Cross Creek Ranch Section 4	15	62
Creek Rush at Cross Creek Ranch, Section 5	32	60	Creekbend at Cross Creek Ranch Section 5	15	57
Creek Rush at Cross Creek Ranch, Section 6	7	54	Creekbend at Cross Creek Ranch Section 6	15	44
<b><u>Fort Bend MUD No. 170</u></b>			Creekbend at Cross Creek Ranch Section 7	33	63
Lakes of Cross Creek Ranch Section 1	27	67	Creekbend at Cross Creek Ranch Section 8	14	45
Lakes of Cross Creek Ranch Section 2	26	37	Creekbend at Cross Creek Ranch Section 9	12	38
Lakes of Cross Creek Ranch Section 3	13	34	Creekbend at Cross Creek Ranch Section 10	19	74
The Pond at Cross Creek Ranch	21	68	Creekbend at Cross Creek Ranch Section 11	28	60
Bonterra at Cross Creek Ranch Section 1	18	8	Creekbend at Cross Creek Ranch Section 12	21	66
Bonterra at Cross Creek Ranch Section 2	13	57	Creekbend at Cross Creek Ranch Section 13	19	60
Bonterra at Cross Creek Ranch Section 3	11	37	Creek Cove at Cross Creek Ranch Section 1	46	68
Bonterra at Cross Creek Ranch Section 4	21	83	Creek Cove at Cross Creek Ranch Section 2	38	54
Bonterra at Cross Creek Ranch Section 5	12	53	Creek Cove at Cross Creek Ranch Section 3	38	54
Bonterra at Cross Creek Ranch Section 6	22	41	Creek Cove at Cross Creek Ranch Section 4	28	56
Bonterra at Cross Creek Ranch Section 7	25	87	Creek Cove at Cross Creek Ranch Section 5	33	56
Bonterra at Cross Creek Ranch Section 8	11	45	Creek Cove at Cross Creek Ranch Section 6	45	61
Bonterra at Cross Creek Ranch Section 9	26	101	Creek Cove at Cross Creek Ranch Section 8	23	50
Bonterra at Cross Creek Ranch Section 11a	10	38	Creek Cove at Cross Creek Ranch Section 9	25	56
Bonterra at Cross Creek Ranch Section 11b (a)	10	41	Creek Cove at Cross Creek Ranch Section 12	22	45
Bonterra at Cross Creek Ranch Section 12	12	41	Creek Cove at Cross Creek Ranch Section 13	19	72
Creek Trace at Cross Creek Ranch Section 1	20	73	Creek Cove at Cross Creek Ranch Section 14	77	77
Creek Trace at Cross Creek Ranch Section 2	15	59	Creek Cove at Cross Creek Ranch Section 15	21	51
Creek Trace at Cross Creek Ranch Section 3	36	122	Creek Cove at Cross Creek Ranch Section 16	39	109
Creek Trace at Cross Creek Ranch Section 4	24	75	Legacy at Cross Creek Ranch Section 3	54	60
Creek Trace at Cross Creek Ranch Section 5	28	72	Legacy at Cross Creek Ranch Section 4	29	61
Creek Trace at Cross Creek Ranch Section 6	26	105	<b><u>Fort Bend MUD No. 173</u></b>		
The Brooks at Cross Creek Ranch Section 1	30	106	Creek Falls at Cross Creek Ranch Section 1	23	76
The Brooks at Cross Creek Ranch Section 2	10	39	Creek Falls at Cross Creek Ranch Section 2	14	49
The Brooks at Cross Creek Ranch Section 3	48	146	Creek Falls at Cross Creek Ranch Section 3	12	47
Willows at Cross Creek Ranch Section 1	9	74	Creek Falls at Cross Creek Ranch Section 4	24	74
Willows at Cross Creek Ranch Section 2	13	62	Creek Falls at Cross Creek Ranch Section 5	14	46
<b><u>Fort Bend MUD No. 171</u></b>			Creek Falls at Cross Creek Ranch Section 6	15	60
Creekside at Cross Creek Ranch Section 1	25	75	Creek Falls at Cross Creek Ranch Section 7	10	48
Creekside at Cross Creek Ranch Section 2	26	88	Creek Falls at Cross Creek Ranch Section 8	26	104
Creekside at Cross Creek Ranch Section 3	13	25	Creek Falls at Cross Creek Ranch Section 9	22	83
Creekside at Cross Creek Ranch Section 4	22	76	Creek Falls at Cross Creek Ranch Section 10	21	74
Creekside at Cross Creek Ranch Section 5	19	45	Creek Falls at Cross Creek Ranch Section 11	15	69
Creekside at Cross Creek Ranch Section 6	24	48	Creek Falls at Cross Creek Ranch Section 12	13	54
Creekside at Cross Creek Ranch Section 7	20	62	Creek Cove at Cross Creek Ranch Section 7	27	69
Creekside at Cross Creek Ranch Section 8	36	97	Creek Cove at Cross Creek Ranch Section 10	48	88
Creekside at Cross Creek Ranch Section 9	17	53	Creek Cove at Cross Creek Ranch Section 11	24	65
Creekside at Cross Creek Ranch Section 10	16	36	<b><u>Total Single Family</u></b>		
Creekside at Cross Creek Ranch Section 11	22	66		2131	5812
Lakeside at Cross Creek Ranch	27	35			
Lakeside Village at Cross Creek Ranch	10	56			
Legacy at Cross Creek Ranch Section 1	37	85			
Legacy at Cross Creek Ranch Section 2	34	98			
The Cove at Cross Creek Ranch	16	10			

(a) Water, sewer and drainage facilities are under construction.



<u>Commercial and Other Development</u>	Approximate		<u>Commercial and Other Development</u>	Approximate	
	<u>Acres</u>	<u>Lots/ESFCs</u>		<u>Acres</u>	<u>Lots/ESFCs</u>
<b><u>Fort Bend MUD No. 173</u></b>			<b><u>Fort Bend MUD No. 171</u></b>		
Convenience Store and Fast Food Restaurant	6	22	Saint Faustina Catholic Church (e)	33	29
Shops at Cross Creek Ranch	4	35	Ivy Kids Day Care	2	7
Shops at Cross Creek Ranch Phase 2	5	32	Senior Independent Living Facility (b)	8	81
Market at CCR Parcel A	5	69	<b><u>Fort Bend MUD No. 170</u></b>		
Christian Brothers Automotive	1	3	Brazos Valley Schools Credit Union	2	2
KISD Middle and High Schools (e)	111	103	Marcel Town Center (c)	11	56
HEB Grocery Store	14	82	Cross Creek Ranch II Apartments (b)	15	112
Fast Food Restaurant and Bank	6	27	Emergency Services District No. 4 Fire Station (e)	3	12
Market at Cross Creek Ranch Phase III	11	29	<b><u>Fort Bend MUD No. 169</u></b>		
Apartments	22	156	Broadstone Fulshear Apartments (b)	<u>15</u>	<u>190</u>
KISD Elementary School (e)	14	29	<b>Total ESFCs Commercial and Other</b>	<u>349</u>	<u>1400</u>
Icon Bank	2	8	Subtotal	2480	7212
Advanced Autoparts	1	3	Welcome Center	7	----
FM 1463 Retail at CCR	5	34	Recreation Facilities	14	----
Grow Your Storage	3	15	Potential Future Development	83	----
Day Care (Deboben)	2	8	Non-developable (d)	709	----
Fort Bend County Public Safety Annex (e)	3	12	<b>Total</b>	<u>3293</u>	<u>7212</u>
Dermatology Clinic (b)	2	3			
Cross Creek Plaza Phase I	3	22			
Cross Creek Plaza Phase II (b)	2	14			
Restaurant (b)	1	9			
<b><u>Fort Bend MUD No. 172</u></b>					
KISD Elementary School No. 37 (e)	14	29			
CVS Pharmacy	2	3			
Day Care (Children's Lighthouse)	2	9			
Shopping Center (Patton Tract 1)	2	24			
Veterinary Clinic (Southpaw)	1	14			
Shopping Center (Patton Tract 2)	2	20			
Cross Creek Office Complex	3	34			
Grocery, Shopping Center and Car Wash	10	58			
Coffee Shop	1	5			

(b) Building is currently under construction.

(c) The Marcel Town Center has been constructed on approximately 11 acres in the District and includes 7 buildings totaling approximately 70,000 square feet of retail space. On June 18, 2021 the City purchased a portion of the land and improvements on such approximately 11 acres from Marcel Town Center Cross Creek LLC. The City purchased approximately 40.5% of the retail space, which will be used as a city hall, police station, and for other municipal purposes. The portion of property purchased by the City is exempt from the payment of ad valorem taxes, which will be reflected beginning with the 2022 tax roll.

(d) Includes public rights-of-way, detention, open spaces, easements, parks and utility sites.

(e) Exempt from the payment of ad valorem taxes. See "Status of Development—Tax Exempt Property" herein.

## **Status of Development**

*Single-Family Residential:* Development in the Service Area currently consists of the residential development within the District, MUD 170, MUD 171, MUD 172, and MUD 173. Homes within the Service Area range in price from approximately \$310,000 to over \$1,300,000. As of August 25, 2022, there were 4,941 occupied completed homes in the Service Area, 72 unoccupied completed homes (13 of which are model homes), 177 homes under construction (103 homes are not under contract for purchase and 74 homes are under contract for purchase), 581 developed lots available for home construction and 41 lots on approximately 10 acres currently under construction.

*Commercial:* A credit union has been constructed on approximately 2 acres in MUD 170. The Marcel Town Center has been constructed on approximately 11 acres in MUD 170, and the City has purchased approximately 40.5% of the retail space (see “*Tax Exempt Property*” below). An Ivy Kids Day Care has been constructed on approximately 2 acres in MUD 171. A CVS Pharmacy, the Children’s Lighthouse Daycare facility, three shopping centers, the Cross Creek Office Complex, an Aldi’s Grocery, a coffee shop and a veterinary clinic have been constructed in MUD 172 on approximately 23 acres of land. The Market at Cross Creek Ranch, multiple fast food restaurants, a convenience store, two automotive stores, two banks, the Shops at Cross Creek Ranch, a day care, a self storage facility and Cross Creek Plaza Phase I have been constructed in MUD 173 on approximately 54 acres of land. A HEB Grocery Store has been constructed on a 14 acre tract of land in MUD 173. A dermatology clinic, a restaurant and Cross Creek Plaza Phase II are currently under construction on approximately 5 acres in MUD 173.

*Multifamily:* The Parklane Fulshear Apartments (390 units) have been constructed on approximately 22 acres in MUD 173. The Broadstone Fulshear Apartments are currently under construction on approximately 15 acres in the District. The Cross Creek Ranch II Apartments are under construction on approximately 15 acres in MUD 170. Additionally, a senior independent living facility is under construction on approximately 8 acres in MUD 171.

*Tax-Exempt Property:* The following properties in the District mentioned herein are exempt from the payment of ad valorem taxes. The Saint Faustina Catholic Church has been constructed on approximately 33 acres of land in MUD 171. An elementary school has been constructed on a 14 acre tract in MUD 173. A middle school and a high school have been constructed in MUD 173 on approximately 111 acres owned by Katy Independent School District. An elementary school has been constructed on approximately 14 acres of land in MUD 172. A Fort Bend County Public Safety Annex has been constructed on approximately 3 acres in MUD 173. A fire station for Fort Bend County Emergency Services District No. 4 has been constructed on approximately 3 acres in MUD 170. In addition, Lamar Consolidated Independent School District owns approximately 15 acres of land in the District, on which no improvements have been constructed.

The Marcel Town Center has been constructed on approximately 11 acres in the District and includes 7 buildings totaling approximately 70,000 square feet of retail space. On June 18, 2021, the City purchased a portion of the land and improvements on such approximately 11 acres from Marcel Town Center Cross Creek LLC. The City purchased approximately 40.5% of the retail space, which will be used as a city hall, police station, and for other municipal purposes. The taxable assessed value of the Marcel Town Center remains uncertified and subject to review and downward revision prior to certification. The portion of the property purchased by the City is exempt from the payment of ad valorem taxes, which will be reflected on the 2022 tax roll once the value is certified. The remaining land and improvements will be fully taxable.

*District/Recreation Facilities:* A Welcome Center, which includes the Cross Creek Fitness Center, the Adventure Island Water Park, Italian Maid Cafe and a 70-foot observation tower, has been constructed on approximately 7 acres of land in MUD 171. The Bonterra Recreation Center has also been constructed on approximately 4 acres in MUD 170 and the Flewellen Park recreation facilities have been constructed on approximately 10 acres in MUD 172.

In addition, there are approximately 83 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities and approximately 709 acres that are currently considered not developable. See “INVESTMENT CONSIDERATIONS—Undeveloped Acreage and Vacant Lots,” and “APPENDIX A.”

## MANAGEMENT OF THE DISTRICT

### **Board of Directors**

The District is governed by a Board of Directors consisting of five (5) directors which has control over and management supervision of all affairs of the District, including responsibilities related to the District in its capacity as a MUD Participant and as Master District. Directors are elected to four-year terms and elections may be held May in even numbered years only. None of the members of the Board resides in the District. Each of the members owns land within the District, subject to a note and deed of trust in favor of CCR Texas. Directors have staggered four-year terms. The current members of the Board along with their titles and terms are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Arden J. Morley	President	May 2024
John Preston	Vice President	May 2024
Gary Swafford	Secretary	May 2026
Barbara Jo D'Andrea	Assistant Vice President	May 2026
Kenneth Martinec	Assistant Secretary	May 2026

### **District Consultants**

The Master District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

**Bond Counsel/Attorney:** The Master District has engaged Allen Boone Humphries Robinson LLP as general counsel to the Master District and as Bond Counsel in connection with the issuance of the Master District's bonds. The legal fees to be 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.

**Financial Advisor:** Masterson Advisors LLC, serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

**Auditor:** The Master District's financial statements for the fiscal year ended September 30, 2021, were audited by McGrath & Co., PLLC. See "APPENDIX B" for a copy of the District's September 30, 2021 financial statements. The District has engaged McGrath & Co., PLLC to audit its financial statements for the fiscal year ended September 30, 2022.

**Engineer:** The Master District's consulting engineer is BGE, Inc. (the "Engineer").

**Tax Appraisal:** The Fort Bend Central Appraisal District has the responsibility of appraising all property within the boundaries of the MUD Participants. See "TAXING PROCEDURES."

**Tax Assessor/Collector:** The District has appointed an independent tax assessor/collector to perform the tax collection function. Assessments of the Southwest, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

**Bookkeeper:** The Master District has contracted with Myrtle Cruz, Inc. (the "Bookkeeper") for bookkeeping services.

**Utility System Operator:** The City independently operates the District Utility Facilities. The City continues to keep Inframark, Inc. under contract as needed to assist with the operation of the District Utility Facilities and the water and sewer facilities of the other MUD Participants.

## **THE DEVELOPERS**

### **Role of a Developer**

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

None of the Developers (hereinafter defined) nor any of their affiliates, is obligated to pay principal of or interest on the Bonds. Furthermore, none of the Developers has a binding commitment to the District to carry out any plan of development and each of the Developers may sell or otherwise dispose of its property within the Service Area, or any other assets, at any time, and the furnishing of information relating to the proposed development by the Developers should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the Service Area in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the Service Area. See "INVESTMENT CONSIDERATIONS."

Prospective Bond purchasers should note that any prior real estate experience discussed below of CCR Texas Holdings LP, CCR Loan Subsidiary 1, L.P., Landmark Industries Inc., RK CCR North, The Market at CCR Ltd., and Taylor Morrison of Texas Inc. (collectively, the "Developers") should not be construed as an indication that further development within the Service Area will occur, or that construction of taxable improvements upon property within the Service Area will occur, or that marketing or leasing of taxable improvements constructed upon property within the Service Area will be successful. See "INVESTMENT CONSIDERATIONS."

### **CCR Texas Holdings LP and CCR Loan Subsidiary 1, L.P.**

On April 12, 2012, CCR Texas Holdings LP, a Delaware limited partnership ("CCR Texas") with Johnson/CCR GP, LLC as its general partner, purchased Cross Creek Ranch, consisting of approximately 2,370 acres of land and 88 lots.

In 2013, CCR Texas transferred approximately 423 acres in the Service Area to its wholly owned subsidiary, CCR Loan Subsidiary 1, L.P. ("CCR Subsidiary"). Subsequently, CCR Texas transferred an additional 710 acres in the Service Area to CCR Subsidiary.

Johnson CCR Management LLC, an affiliate of The Johnson Development Corp. ("Johnson Development") is the development manager of CCR Texas. Johnson Development is a Houston-based residential and commercial land development company. For more than forty years, Johnson Development has developed master-planned communities in Houston, Atlanta, San Antonio and other markets. Johnson Development engages in development activities through itself and related entities.

### **Landmark Industries, Inc.**

Landmark Industries Inc. ("Landmark") originally owned a 71 acre site within the boundaries of MUD 173 which is being developed for commercial purposes. Landmark has developed or sold 30 acres of the approximate 71 acre site within MUD 173. As of January 1, 2022, Landmark owned approximately 41 acres of land in MUD 173.

### **RK CCR North**

RK CCR North, Ltd. ("RK CCR North") owns approximately 9 acres, including 1.5 acres that have been developed for commercial use in MUD 173.

### **The Market at CCR, Ltd.**

The Market at CCR Ltd., a Texas limited partnership ("The Market at CCR"), owns approximately 4 acres of undeveloped land intended for commercial retail usage in MUD 173. The Market at CCR has also sold approximately 23 acres to TLM-CCR Phase II LLC ("TLM-CCR"). The Market at CCR has an agreement with TLM-CCR in which it has a right of first refusal and a set cost to purchase the 23 acres over a specific period of time. TLM-CCR is not typically a developer of land, and it is expected that either the land owned by TLM-CCR will be sold back to The Market at CCR or to an ultimate purchaser for development. TLM-CCR Phase II has sold approximately 8 acres for retail purposes and the purchaser of such acreage has an option to purchase an additional 4.5 acres of land.

## **Taylor Morrison of Texas Inc.**

Taylor Morrison of Texas Inc. (“Taylor Morrison”) owns approximately 30 acres in the District which is planned to be developed as the remaining sections of the single family subdivision of Bonterra, including 10 acres currently under construction for Bonterra at Cross Creek Ranch Section 11b.

## **Homebuilding**

Homebuilders in the Service Area include Partners in Building, Highland Homes, Darling Homes, Perry Homes, Newmark Homes Houston, Taylor Morrison Homes, Chesmar Homes, Lennar Homes and TriPointe Homes. Homes in the Service Area range in sales price from approximately \$310,000 to \$1,300,000. Homebuilding is currently occurring in the District, MUD 169, MUD 170 and MUD 171.

## **THE SYSTEM**

### **Master District Facilities**

**Operation of Master District Facilities:** The potable water supply facilities and wastewater treatment facilities constructed by or on the behalf of the Master District are conveyed to the City for operation and maintenance in accordance with the Utility Agreement and all capacity in said facilities is reserved for the Master District. The City currently operates such facilities. Each MUD Participant’s customers are billed by the City for water and sewer service. See “THE MUD PARTICIPANTS—Utility Agreement with the City.”

**Water Supply:** The potable water supply facilities constructed by or on behalf of the Master District and being operated by the City (“Water Supply Facilities”) currently consist of three water plants. Water Plant No. 1 consists of a 1,500 gallons per minute (“gpm”) water well and one 1,000 gpm water well; 840,000 gallons of ground storage capacity; 9,300 gpm of booster pump capacity; pressure tank capacity of 60,000 gallons and all related appurtenances. Water Plant No. 2 consists of a 1,650 gpm water well, 860,000 gallons of ground storage capacity, pressure tank capacity of 60,000 gallons, 4,900 gpm booster tank capacity and all related appurtenances. Water Plant No. 3 consists of a 1,650 gpm water well, 430,000 gallons of ground storage capacity, pressure tank capacity of 30,000 gallons, 4,900 gpm of booster tank capacity and all related appurtenances. The major components of the Master District’s Water Supply Facilities have the capacity to serve approximately 8,928 equivalent single-family connections (“ESFCs”). According to the District’s Engineer, the Master District has a current reserved capacity for 6,813 ESFCs for the MUD Participants and 6,242 active ESFCs are being served by the Water Supply Facilities as of October 1, 2022.

In order to fully provide water supply to the Service Area, the Water Supply Facilities will need to be expanded from time to time to meet the demand for such facilities. By reserving capacity, the Master District assumes the responsibility to expand facilities as needed to provide service for reserved connections as they become active.

The Master District owns and operates non-potable water pump stations and waterlines used for irrigation purposes within the Service Area.

**Wastewater Treatment:** The wastewater treatment facilities installed by or on behalf of the Master District and being operated by the City (“Wastewater Treatment Facilities”) consist of one leased plant (the “Leased Wastewater Plant”) pursuant to lease agreements, as amended, between the Master District and AUC Group, L.P. (“AUC”) (the “Lease Agreements”) with a total capacity of 500,000 gallons per day (“gpd”) and a permanent plant with a capacity of 1,000,000 gpd (the “Permanent Wastewater Plant”). The City has assumed certain rights and obligations under the Lease Agreements for the Leased Wastewater Plant. The Master District remains obligated to pay the lease payment for the Leased Wastewater Plant, which is currently \$13,000 per month. Such lease cost is included in the Master District’s operation and maintenance expenses and therefore shared by all MUD Participants that have reserved ESFCs. The Master District may terminate the Lease Agreements at any time after May 1, 2022 by giving at least sixty (60) days notice to AUC. Current wastewater treatment capacity of the Wastewater Treatment Facilities will serve 8,333 ESFCs. According to the District’s Engineer, the Master District has reserved capacity for 6,813 ESFCs and 6,242 active ESFCs are being served by the Wastewater Treatment Facilities as of October 1, 2022.

In order to fully provide wastewater treatment for the Service Area, the Wastewater Treatment Facilities will need to be expanded from time to time to meet the demand for such facilities. By reserving capacity, the Master District assumes the responsibility to expand facilities as needed to provide service for reserved connections as they become active. Proceeds from Series 2022 Water/Sewer/Drainage Contract Revenue Bonds are being used to fund an expansion of the Wastewater Treatment Plant to provide capacity of 2,000,000 gpd.

**Major Water Distribution and Wastewater Collection:** Major water distribution facilities consist of waterlines ranging in size from 12-inch to 24-inch, generally located within the rights-of-way. These water distribution facilities supply water from the Water Supply Facilities to the internal facilities constructed by or on behalf of each MUD Participant. The major wastewater collection facilities include sanitary sewer lines ranging in size from 10-inch to 36-inch generally located within the rights-of-way of collector roads, arterial roads and major thoroughfares. These collection lines collect waste from the internal facilities constructed by or on behalf of each MUD Participant and transport it to the Wastewater Treatment Facilities. These potable water distribution and wastewater collection lines are conveyed to the City for operation and maintenance in accordance with the Utility Agreement.

**Master Drainage:** The Master District also provides the Service Area with drainage facilities designed for a 100-year storm event. These facilities include drainage channel facilities, detention pond facilities, water quality ponds, and conveyance storm sewer lines. Conveyance storm sewer lines are conveyed to the City for operation and maintenance in accordance with the Utility Agreement. Drainage channels, detention ponds, and water quality ponds are not conveyed to the City and the Master District is responsible for operation and maintenance thereof.

**Road System:** The Master District has constructed Master District Road Facilities. To date, the City has accepted the Master District Road Facilities for operation and maintenance. In the event the City were to fail to accept the Master District Road Facilities, the Master District is expected to include the cost of maintenance of same in the Master District's operation and maintenance expenses to be shared by all MUD Participants based on the number of equivalent single-family connections reserved by each MUD Participant, and such cost could be significant.

**Master Park Facilities:** The Master District has constructed Master District Park Facilities. The Master District will be responsible for the cost of operation and maintenance of same, which costs are shared by all MUD Participants based on the number of equivalent single-family connections reserved by each MUD Participant.

### **Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities**

Internal water distribution, wastewater collection and storm drainage facilities have been constructed or are currently being constructed by the District to serve 432 single-family residential lots and 190 ESFCs of commercial development, MUD 170 to serve 1,771 single-family residential lots and 182 ESFCs of commercial development, by MUD 171 to serve 955 single-family residential lots and 117 ESFCs of commercial development, by MUD 172 to serve 1,648 single-family lots and 196 ESFCs of commercial development, and by MUD 173 to serve 1,006 single-family residential lots and 715 ESFCs of commercial development. See "THE DISTRICT AND THE SERVICE AREA—Land Use" and "—Status of Development."

### **Storm Water Drainage Facilities and Flood Plain**

Undeveloped land in the Service Area drains naturally by way of overland sheet flow to Flewellen Creek. Internal storm-water collection lines will be constructed for drainage system improvements to serve each MUD Participant's development and, pursuant to utility agreements between the City and each MUD Participant will be conveyed to the City for operation and maintenance. This storm sewer system will serve all the MUD Participants' drainage area and will convey flows to several storm water detention basins owned and maintained by the Master District. The detention basins will ultimately drain to Flewellen Creek.

"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. According to the Engineer, no areas in the Service Area are located within the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the Service Area 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 Service Area. 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.

## **Subsidence and Conversion to Surface Water Supply**

The Service Area is within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”), which regulates groundwater withdrawal. The City’s authority to pump groundwater from water wells conveyed to the City by the Master District 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 Service Area. In 2005, the Texas legislature created the North Fort Bend Water Authority (the “Authority”) to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Fort Bend County (including the Service Area) and a small portion of Harris County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas (“Houston”) to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan (“GRP”) and obtained Subsidence District approval of its GRP. The Authority’s GRP sets forth the Authority’s plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The water wells conveyed by the Master District to the City are included within the Authority’s GRP.

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

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority’s GRP, beginning in the year 2014; and (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority’s GRP, beginning in the year 2025. If the Authority fails to comply with the above Subsidence District regulations, the Authority is subject to a disincentive fee penalty, currently \$6.50 per 1,000 gallons (“Disincentive Fees”), imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total annual water demand in the Authority’s GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the City. If the City failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the City.

The Master District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates that the City will pass such fees through to City customers (including customers within the Service Area). In addition, conversion to surface water could necessitate improvements to the water system conveyed to the City which could require the issuance of additional Water/Sewer/Drainage Contract Revenue Bonds by the Master District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District’s surface water conversion requirements, or (iii) will comply with its GRP.

## **Regulation**

Construction and operation of the Master District Facilities as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District, in its capacity as the Master District and in its capacity as a provider of internal utility services. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend County Drainage District. Fort Bend County and the City also exercise regulatory jurisdiction over the Master District Facilities.

According to the Engineer, the improvements constructed by or on behalf of the Master District that will be financed with proceeds of the Bonds, have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and the approval and permitting requirements of the TCEQ, the Texas Department of Health, Fort Bend County and the City, where applicable.

**FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)**

**Contract Revenue Bonds of the Master District**

Direct Debt Water/Sewer/Drainage Contract Revenue Bonds .....	\$125,595,000
Direct Debt Road Contract Revenue Bonds (includes the Bonds) .....	67,325,000
Estimated Overlapping Debt .....	<u>220,707,218</u> (a)
Total Direct and Overlapping Debt .....	\$413,627,218

**Gross Assessed Valuation of the MUD Participants**

2022 Gross Assessed Valuation .....	\$2,623,835,356 (b)
Estimated Gross Assessed Valuation as of September 1, 2022 .....	\$2,735,333,682 (c)

Direct Debt as a % of	
the 2022 Gross Assessed Valuation .....	7.35%
the Estimated Gross Assessed Valuation as of September 1, 2022 .....	7.05%

Direct Debt and Preliminary Overlapping Debt as a % of	
the 2022 Gross Assessed Valuation .....	15.76%
the Estimated Gross Assessed Valuation as of September 1, 2022 .....	15.12%

**Master District Debt Service Funds Available as of October 3, 2022:**

Road Reserve Fund Balance .....	\$2,250,774 (d)(e)
Road Debt Service Fund Balance .....	<u>3,798,269</u> (e)
Total Available for Road Debt Service .....	\$6,049,043
Water/Sewer/Drainage Reserve Fund Balance .....	\$4,262,395 (e)
Water/Sewer/Drainage Debt Service Fund Balance .....	<u>7,196,222</u> (e)
Total Available for Water/Sewer/Drainage Debt Service .....	\$11,458,617

**Master District Capital Projects Funds as of October 3, 2022:**

Water/Sewer/Drainage Capital Projects Fund .....	\$8,031,048
Road Capital Projects Fund .....	\$2,396,312
Park Capital Projects Fund .....	\$ 129

**Master District Operating Funds Available as of October 3, 2022 .....** \$2,479,598 (f)

- (a) See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)—Estimated Overlapping Debt."
- (b) Includes 85% of the uncertified value provided by the Appraisal District for the District and MUD 171, 172 and 173 and 65% of the uncertified value for MUD 170.
- (c) The Appraisal District has provided an estimated valuation as of September 1, 2022 for informational purposes for MUD 169, 170 and 172, which was calculated by updating the 2022 Gross Assessed Valuation provided by the Appraisal District to add the estimated value of improvements constructed from January 1, 2022 to September 1, 2022. An estimate of valuation as of May 1, 2022 is shown for MUD 171 and 173. These estimates have no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, these estimates will not be the basis for any tax levy by any of the MUD Participants.
- (d) From the proceeds of the Bonds, the District will deposit \$175,576 into the Road Reserve Fund, which is the amount needed to satisfy the Road Reserve Requirement associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (e) All of the Master District's contract revenue bond debt is payable from contract taxes as follows: (i) the Road Contract Tax with respect to Road Contract Revenue Bonds, and (ii) the Water/Sewer/Drainage Contract Tax with respect to the Water/Sewer/Drainage Contract Revenue Bonds. The revenues from the Road Contract Tax will be allocated to Road Contract Revenue Bonds, including the outstanding Road Contract Revenue Bonds and the Bonds, and the revenues from the Water/Sewer/Drainage Contract Tax will be allocated to the Water/Sewer/Drainage Contract Revenue Bonds, including the outstanding Water/Sewer/Drainage Contract Revenue Bonds. See "—Outstanding Bonds." The Water/Sewer/Drainage Debt Service Fund is not pledged to the Bonds or any Road Contract Revenue Bonds nor will funds deposited into the Road Debt Service Fund be pledged to Water/Sewer/Drainage Contract Revenue Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (f) Includes approximately \$13,459 from the City pursuant to a cost sharing agreement between the District and the City for rehabilitation of the Leased Wastewater Plant (as defined herein) and construction of additional improvements to the Leased Wastewater Plant and the Permanent Wastewater Plant (as defined herein).



**MUD Participants' Gross Value as a Percentage of all MUD Participants**

<u>MUD Participant</u>	<u>2022 Gross Assessed Valuation (a)</u>	<u>% of 2022 Gross Assessed Valuation as of 1/1/2022</u>
MUD 169	\$ 18,030,677	0.69%
MUD 170	561,097,672	21.38%
MUD 171	456,996,776	17.42%
MUD 172	981,246,831	37.40%
MUD 173	606,463,401	23.11%
Total of MUD Participants	\$ 2,623,835,356	100.00%

(a) Includes 85% of the uncertified value provided by Appraisal District for the District and MUD 171, 172 and 173 and 65% of the uncertified value for MUD 170.

**Outstanding Bonds**

The District has issued 25 series of contract revenue bonds in the aggregate principal amount of \$256,580,000. Thirteen of such series were issued to fund Master District Water/Sewer/Drainage Facilities in the aggregate principal amount of \$144,610,000, of which \$98,070,000 remains outstanding and seven of such series were issued to fund Master District Road Facilities in the aggregate principal amount of \$72,790,000, of which \$55,345,000 remains outstanding. The District has also issued four series of Water/Sewer/Drainage Contract Revenue Refunding Bonds in the aggregate principal amount of \$29,270,000, of which \$27,525,000 remains outstanding and one series of Road Contract Revenue Refunding Bonds in the aggregate principal amount of \$9,910,000, of which \$9,410,000 remains outstanding. The following table lists the original principal amount of the Outstanding Bonds and the principal amount outstanding as of October 1, 2022.

<u>Series</u>	<u>Title</u>	<u>Original Principal Amount</u>	<u>Principal Outstanding as of 10/1/22</u>
2009	Water/Sewer/Drainage Contract Revenue Bonds	\$ 3,590,000	\$ -
2010	Water/Sewer/Drainage Contract Revenue Bonds	6,570,000	-
2011	Water/Sewer/Drainage Contract Revenue Bonds	7,785,000	-
2011A	Water/Sewer/Drainage Contract Revenue Bonds	4,030,000	-
2012	Road Contract Revenue Bonds	10,720,000	-
2013	Water/Sewer/Drainage Contract Revenue Bonds	11,310,000	-
2014	Road Contract Revenue Bonds	8,460,000	7,420,000
2015	Water/Sewer/Drainage Contract Revenue Bonds	15,000,000	11,350,000
2015A	Road Contract Revenue Bonds	8,850,000	5,850,000
2016	Water/Sewer/Drainage Contract Revenue Bonds	11,000,000	8,500,000
2017	Water/Sewer/Drainage Contract Revenue Bonds	15,320,000	11,920,000
2017A	Water/Sewer/Drainage Contract Revenue Refunding Bonds	2,455,000	2,220,000
2017B	Road Contract Revenue Bonds	8,440,000	7,080,000
2018	Road Contract Revenue Bonds	5,570,000	4,910,000
2018A	Water/Sewer/Drainage Contract Revenue Bonds	23,000,000	20,350,000
2019	Water/Sewer/Drainage Contract Revenue Refunding Bonds	13,245,000	11,965,000
2019A	Water/Sewer/Drainage Contract Revenue Bonds	17,580,000	16,825,000
2020	Road Contract Revenue Bonds	16,750,000	16,085,000
2020A	Water/Sewer/Drainage Contract Revenue Refunding Bonds	3,630,000	3,425,000
2020B	Road Contract Revenue Refunding Bonds	9,910,000	9,410,000
2020C	Water/Sewer/Drainage Contract Revenue Bonds	13,500,000	13,200,000
2021	Water/Sewer/Drainage Contract Revenue Bonds	9,425,000	9,425,000
2021A	Water/Sewer/Drainage Contract Revenue Refunding Bonds	9,940,000	9,915,000
2021B	Road Contract Revenue Bonds	14,000,000	14,000,000
2022	Water/Sewer/Drainage Contract Revenue Bonds	6,500,000	6,500,000
Total		\$ 256,580,000	\$ 190,350,000

## Operating Fund Statement

The following statement sets forth in condensed form the General Operating Fund for the Master District, as shown in the District's audited financial statements as the Special Revenue Fund for the fiscal years ended September 30, 2018 through September 30, 2021 and an unaudited summary for the fiscal year ended September 30, 2022, prepared by the Bookkeeper. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX B" for further and complete information.

	Fiscal Year Ended September 30				
	2022 (a)	2021	2020	2019	2018
<b>Revenues</b>					
Investment Income	\$ 5,664	\$ 1,347	\$ 11,755	\$ 15,804	\$ 1,625
Miscellaneous Revenue	110,645	119,421	-	-	-
Master District Fees	2,337,000	2,176,440	2,021,070	1,820,370	1,602,600
<b>Total Revenues</b>	<b>\$ 2,453,309</b>	<b>\$ 2,297,208</b>	<b>\$ 2,032,825</b>	<b>\$ 1,836,174</b>	<b>\$ 1,604,225</b>
<b>Expenditures</b>					
Professional Fees	\$ 243,044	\$ 314,944	\$ 320,102	\$ 191,795	\$ 177,412
Contracted Services	33,030	20,028	23,998	21,512	21,206
Regional Water Authority Fees	589,299 (b)	145,135	367,334	289,266	193,929
Repairs and Maintenance	1,220,315	731,647	681,301	419,762	430,360
Utilities	46,245	57,383	84,096	24,538	34,923
Administrative	23,795	31,454	38,648	18,541	25,552
Other	8,498	-	37,503	-	-
WWTP Lease Expense	156,000	156,000	156,000	156,000	169,200
Capital Outlay	-	168,501	134,351	-	-
<b>Total Expenditures</b>	<b>\$ 2,320,226</b>	<b>\$ 1,625,092</b>	<b>\$ 1,843,333</b>	<b>\$ 1,121,414</b>	<b>\$ 1,052,582</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 133,083</b>	<b>\$ 672,116</b>	<b>\$ 189,492</b>	<b>\$ 714,760</b>	<b>\$ 551,643</b>
<b>Internal Transfers In/(Out)</b>	<b>\$ -</b>	<b>\$ 13,388 (c)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Fund Balance (Beginning of Year)</b>	<b>\$ 2,645,632</b>	<b>\$ 1,960,128</b>	<b>\$ 1,770,636</b>	<b>\$ 1,055,876</b>	<b>\$ 504,233</b>
<b>Fund Balance (End of Year)</b>	<b>\$ 2,778,715</b>	<b>\$ 2,645,632</b>	<b>\$ 1,960,128</b>	<b>\$ 1,770,636</b>	<b>\$ 1,055,876</b>

(a) Unaudited. Provided by the Bookkeeper.

(b) Reflects the payment of \$545,556.75 of fees by community associations in the District. Due to an administrative oversight of the District, the fees were billed on October 17, 2022, but were for services incurred during fiscal year 2022.

(c) Transfer from the District's Capital Projects Fund to the Special Revenue Fund for reimbursement of engineering fees paid from the Special Revenue Fund in the prior year.

**Debt Service Requirements**

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

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2022	\$ 9,982,016.25 (a)				\$ 9,982,016.25
2023	13,195,612.50		\$ 127,766.39	\$ 127,766.39	13,323,378.89
2024	13,078,812.50	\$ 270,000	130,300.00	400,300.00	13,479,112.50
2025	12,962,562.50	200,000	112,750.00	312,750.00	13,275,312.50
2026	12,868,825.00	100,000	99,750.00	199,750.00	13,068,575.00
2027	12,786,781.25	100,000	93,250.00	193,250.00	12,980,031.25
2028	12,703,150.00	100,000	86,750.00	186,750.00	12,889,900.00
2029	12,704,050.00	100,000	82,750.00	182,750.00	12,886,800.00
2030	12,641,881.25	100,000	78,750.00	178,750.00	12,820,631.25
2031	12,565,762.50	100,000	74,750.00	174,750.00	12,740,512.50
2032	12,486,925.00	100,000	70,750.00	170,750.00	12,657,675.00
2033	12,410,812.50	100,000	66,500.00	166,500.00	12,577,312.50
2034	12,299,525.00	100,000	62,250.00	162,250.00	12,461,775.00
2035	11,982,293.75	100,000	57,750.00	157,750.00	12,140,043.75
2036	11,299,737.50	100,000	53,250.00	153,250.00	11,452,987.50
2037	10,775,743.75	100,000	48,500.00	148,500.00	10,924,243.75
2038	10,370,950.00	100,000	43,750.00	143,750.00	10,514,700.00
2039	9,029,625.00	100,000	39,000.00	139,000.00	9,168,625.00
2040	8,216,668.75	100,000	34,250.00	134,250.00	8,350,918.75
2041	7,399,900.00	100,000	29,500.00	129,500.00	7,529,400.00
2042	6,650,500.00	100,000	24,750.00	124,750.00	6,775,250.00
2043	5,510,793.75	100,000	20,000.00	120,000.00	5,630,793.75
2044	4,264,525.00	100,000	15,000.00	115,000.00	4,379,525.00
2045	2,985,050.00	100,000	10,000.00	110,000.00	3,095,050.00
2046	890,775.00	100,000	5,000.00	105,000.00	995,775.00
2047	286,000.00	-	-	-	286,000.00
<b>Total</b>	<b>\$ 252,349,278.75</b>	<b>\$ 2,570,000</b>	<b>\$ 1,467,066.39</b>	<b>\$ 4,037,066.39</b>	<b>\$ 256,386,345.14</b>

(a) Excludes the Master District's June 1, 2022 debt service payment in the amount of \$2,649,026.

Average Annual Debt Service Requirements (2023-2047).....\$9,856,173  
 Maximum Annual Debt Service Requirement (2024) .....\$13,479,113

## Estimated Overlapping Debt

The following table of entities located within the MUD Participants' boundaries indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which the MUD Participants' boundaries is located and the estimated percentages and amounts of such indebtedness attributable to property within the MUD Participants' boundaries. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the MUD Participants' boundaries are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 666,140,542	9/30/2022	2.60%	\$ 17,319,654
Fort Bend County Drainage District.....	24,530,000	9/30/2022	2.61%	640,233
City of Fulshear.....	-	9/30/2022	-	-
Katy Independent School District.....	2,140,211,367	9/30/2022	3.67%	78,545,757
Lamar Consolidated Independent School District...	1,705,940,000	9/30/2022	1.71%	29,171,574
Fort Bend County MUD 170 .....	29,600,000 (a)	9/30/2022	100.00%	29,600,000
Fort Bend County MUD 171.....	11,940,000	9/30/2022	100.00%	11,940,000
Fort Bend County MUD 172 .....	29,345,000	9/30/2022	100.00%	29,345,000
Fort Bend County MUD 173 .....	24,145,000	9/30/2022	100.00%	24,145,000
Total Estimated Overlapping Debt.....				\$ 220,707,218
The District.....	192,920,000 (b)	current		192,920,000
Total Direct and Estimated Overlapping Debt.....				\$ 413,627,218

### Direct and Estimated Overlapping Debt as a Percentage of:

2022 Gross Assessed Valuation of \$2,623,835,356 (c) .....	15.76%
Estimated Gross Assessed Valuation as of September 1, 2022 of \$2,735,333,682 (d) .....	15.12%

- (a) Includes MUD 170's \$7,900,000 Unlimited Tax Bonds, Series 2022, which sold on October 3, 2022 and are expected to be issued on November 8, 2022.
- (b) Includes the Bonds.
- (c) Includes 85% of the uncertified value provided by the Fort Bend Central Appraisal District ("Appraisal District") for the District and MUD 171, 172 and 173 and 65% of the uncertified value for MUD 170.
- (d) The Appraisal District has provided an estimated valuation as of September 1, 2022 for informational purposes for MUD 169, 170 and 172, which was calculated by updating the 2022 Gross Assessed Valuation provided by the Appraisal District to add the estimated value of improvements constructed from January 1, 2022 to September 1, 2022. An estimate of valuation as of May 1, 2022 is shown for MUD 171 and 173. These estimates have no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, these estimates will not be the basis for any tax levy by any of the MUD Participants.

**Overlapping Taxes**

Property within each MUD Participant is subject to taxation by several taxing authorities in addition to the taxes levied by each MUD Participant. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including each MUD Participant, having the power to tax the property. Each MUD Participant's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on any contract revenue bonds issued by the Master District (including Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds), to pay debt service on bonded debt issued by each MUD Participant and other taxing authorities, certain taxing jurisdictions, including each MUD Participant, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is a summary of taxes levied for the 2022 tax year by all entities which tax property within the MUD Participants' boundaries. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>	Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Fort Bend County (a).....	\$ 0.451200	\$ 0.451200
Fort Bend County ESD No. 4.....	\$ 0.096958	\$ 0.096958
Katy ISD (b).....	\$ 1.351700	
Lamar Consolidated ISD (b).....		\$ 1.242000
City of Fulshear.....	\$ 0.180572	\$ 0.180572
MUD Participants (c) .....	<u>\$ 1.338380</u>	<u>\$ 1.338380</u>
 Total Tax Rate.....	 \$ 3.418810	 \$ 3.309110

- (a) Includes Fort Bend County Drainage District.
- (b) A portion of the Service Area is located in Katy ISD and a portion of the Service Area is located in Lamar CISD.
- (c) Represents the highest total 2022 tax rate for any of the MUD Participants.

**TAX DATA**

**Contract Tax**

The District, in its capacity as Master District, has the authority to issue contract revenue bonds, including the Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds, pursuant to the Master District Contract. The pro rata share of the annual debt service requirements on the contract revenue bonds, including the Water/Sewer/Drainage Contract Revenue Bonds and the Road Contract Revenue Bonds, for each MUD Participant, including the District, shall be determined annually by dividing each of such MUD Participant's gross certified assessed value by the total of all of the MUD Participants' gross certified assessed valuation. The Master District Contract obligates each MUD Participant to pay its pro rata share of debt service requirements on the Water/Sewer/Drainage Contract Revenue Bonds from the proceeds of an annual unlimited ad valorem tax levied by each MUD Participant, from revenues, if any, derived from the operation of its water distribution and wastewater collection system, or from any other legally available funds. The Master District Contract obligates each MUD Participant to pay its pro rata share of debt service requirements on the Road Contract Revenue Bonds from the proceeds of an annual unlimited ad valorem tax levied by each MUD Participant, from revenues, if any, derived from the operation of its water distribution and wastewater collection system, or from any other legally available funds. Since the water distribution and wastewater collection systems of each MUD Participant, including the District, are expected to be conveyed to the City, it is not expected that the MUD Participants will have any revenues from such systems and it is expected that all of such system revenues will belong to the City. The debt service requirement for the Water/Sewer/Drainage Contract Revenue Bonds shall include principal, interest and redemption requirements on the Water/Sewer/Drainage Contract Revenue Bonds, charges and expenses of paying agents/registrars and trustees, and all amounts necessary to establish and maintain funds established under the resolution(s) or indenture(s) of trust pursuant to which the Water/Sewer/Drainage Contract Revenue Bonds are issued. The debt service requirement for the Road Contract Revenue Bonds shall include principal, interest and redemption requirements on the Road Contract Revenue Bonds, charges and expenses of paying agents/registrars and trustees, and all amounts necessary to establish and maintain funds established under the resolution(s) or indenture(s) of trust pursuant to which the Road Contract Revenue Bonds are issued. Historical contract tax rates levied by the MUD Participants are reflected in "APPENDIX A."

**Tax Roll Information**

The MUD Participants’ assessed value as of January 1 of each year will be used by the Master District in establishing the Water/Sewer/Drainage Contract Payments and Road Contract Payments and recommending the Water/Sewer/Drainage Contract Tax rate and Road Contract Tax rate to the MUD Participants. The following represents the 2018 through 2022 Gross Assessed Valuations of the MUD Participants. Historical tax roll information concerning each MUD Participant is included in APPENDIX A herein.

MUD Participant	MUD Participants' 2018 Certified Gross Assessed Valuation	MUD Participants' 2019 Certified Gross Assessed Valuation	MUD Participants' 2020 Certified Gross Assessed Valuation	MUD Participants' 2021 Certified Gross Assessed Valuation	MUD Participants' 2022 Gross Assessed Valuation
Fort Bend County MUD 169	\$ 7,386,360	\$ 7,384,220	\$ 7,392,264	\$ 7,377,200	\$ 18,030,677
Fort Bend County MUD 170	170,271,115	212,892,024	272,554,564	352,539,081	561,097,672
Fort Bend County MUD 171	363,139,134	372,827,184	395,278,534	403,721,962	456,996,776
Fort Bend County MUD 172	565,875,827	614,411,011	704,851,868	819,642,855	981,246,831
Fort Bend County MUD 173	254,201,312	383,668,032	509,962,113	542,494,965	606,463,401
	\$ 1,360,873,748	\$ 1,591,182,471	\$ 1,890,039,343	\$ 2,125,776,063	\$ 2,623,835,356

(a) Includes 85% of the uncertified value provided by the Fort Bend Central Appraisal District (“Appraisal District”) for the District and MUD 171, 172 and 173 and 65% of the uncertified value for MUD 170.

**Historical Contract Payment Collections**

The District, in its capacity as a MUD Participant, levied a 2022 Contract Tax Rate in the amount of \$0.65 per \$100 of gross assessed valuation. MUD 170 and MUD 172 levied a 2022 Contract Tax Rate in the amount of \$0.64 per \$100 of gross assessed valuation. MUD 171 and MUD 173 each levied a 2022 Contract Tax Rate in the amount of \$0.645 per \$100 of gross assessed valuation. 2022 Contract Tax Payments for the 2023 calendar year are due to the Master District in equal payments on March 1 and September 1, 2023.

2017 Water/Sewer/Drainage Contract Payment Collection Rate .....	100.00%
2018 Water/Sewer/Drainage Contract Payment Collection Rate .....	100.00%
2019 Water/Sewer/Drainage Contract Payment Collection Rate .....	100.00%
2020 Water/Sewer/Drainage Contract Payment Collection Rate .....	100.00%
2021 Water/Sewer/Drainage Contract Payment Collection Rate .....	100.00%
2017 Road Contract Payment Collection Rate .....	100.00%
2018 Road Contract Payment Collection Rate .....	100.00%
2019 Road Contract Payment Collection Rate .....	100.00%
2020 Road Contract Payment Collection Rate .....	100.00%
2021 Road Contract Payment Collection Rate .....	100.00%

Water/Sewer/Drainage Contract Payments (all of which are derived from the Water/Sewer/Drainage Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Bonds or any Road Contract Revenue Bonds; or (ii) fund or maintain the Road Reserve Fund. Road Contract Payments (all of which are derived from the Road Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Water/Sewer/Drainage Contract Revenue Bonds; or (ii) fund or maintain the Water/Sewer Drainage Reserve Fund.

**Contract Payment Allocation Data**

<u>MUD Participant</u>	2022 Gross Assessed Valuation (a)	% of 2022 Gross Assessed Valuation as of 1/1/2022
MUD 169	\$ 18,030,677	0.69%
MUD 170	561,097,672	21.38%
MUD 171	456,996,776	17.42%
MUD 172	981,246,831	37.40%
MUD 173	606,463,401	23.11%
Total of MUD Participants	\$ 2,623,835,356	100.00%

(a) Includes 85% of the uncertified value provided by Appraisal District for the District and MUD 171, 172 and 173 and 65% of the uncertified value for MUD 170.

**Tax Adequacy for Debt Service**

The Contract Tax (comprised of Water/Sewer/Drainage Contract Tax and Road Contract Tax) rate calculations set forth below are presented to indicate the tax rates per \$100 assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the MUD Participants’ tax base occurred beyond the 2022 Gross Assessed Valuation or the Estimated Gross Assessed Valuation as of September 1, 2022. The calculations contained in the following table merely represent the tax rates required to pay principal and interest on the Outstanding Bonds and the Bonds when due, assuming no further increase or any decrease in taxable values of the MUD Participants, collection of ninety- five percent (95%) of taxes levied, the sale of no additional contract revenue bonds by the Master District, and no other funds available for the payment of debt service. See “FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)—Debt Service Requirements.”

Average Annual Debt Service Requirement (2023-2047) .....	\$9,856,173
\$0.40 Tax Rate on 2022 Gross Assessed Valuation.....	\$9,970,574
\$0.38 Tax Rate on Estimated Gross Assessed Valuation as of September 1, 2022 .....	\$9,874,555
Maximum Annual Debt Service Requirement (2024) .....	\$13,479,113
\$0.55 Tax Rate on 2022 Gross Assessed Valuation.....	\$13,709,540
\$0.52 Tax Rate on Estimated Gross Assessed Valuation as of September 1, 2022 .....	\$13,512,548

**TAXING PROCEDURES**

**Authority to Levy Taxes**

Each MUD Participant, including the District in its capacity as a MUD Participant, is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within its boundaries in an amount sufficient to pay the principal of and interest on the outstanding bonds issued by such MUD Participant, to pay its pro rata share of debt service requirements (including reserve fund requirements) on the contact revenue bonds (including Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds) issued by the Master District, and to pay the expenses of assessing and collecting such taxes. Under Texas law, the board of directors of each MUD Participant may also levy and collect an annual ad valorem tax for the operation and maintenance of such MUD Participant and its facilities. See “INVESTMENT CONSIDERATIONS—Future Debt” and “TAX DATA—Contract Tax.”

**Property Tax Code and County-Wide Appraisal District**

Title I of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the MUD Participants. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the “Appraisal District”) has the responsibility for appraising property for all taxing units within Fort Bend County, including the MUD Participants. Such appraisal values are subject to review and change by the Fort Bend Central Appraisal Review Board (the “Appraisal Review Board”).

## **Property Subject to Taxation by the MUD Participants**

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 a MUD Participant are subject to taxation by that MUD Participant. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, each MUD Participant may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the respective boards. A MUD Participant may be required to offer such an exemption if a majority of voters approve it at an election. A MUD Participant 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. Each MUD Participant is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair a MUD Participant's obligation to pay tax supported debt incurred prior to adoption of the exemption by a MUD Participant. Furthermore, each MUD Participant must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who was entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. 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 may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

**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 assessed 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. See "TAX DATA."

**Freeport Goods and Goods-in-Transit Exemptions:** 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 and the other MUD Participants have taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.



## **Tax Abatement**

Fort Bend County or the City may designate all or part of the Service Area as a reinvestment zone. Thereafter, Fort Bend County, the City, and the MUD Participants, under certain circumstances, 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 any MUD Participant participating in the abatement agreement, for a period of up to ten (10) years, all or any part of any increase in the appraised valuation of property covered by the agreement over its appraised 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 Service Area 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 MUD Participants in establishing their tax rolls and tax rates. Generally, 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 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 as to 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 MUD Participant 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 (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. Each MUD Participant, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the MUD Participant or an estimate of any new property or improvements within the MUD Participant. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the MUD Participant, it cannot be used for establishing a tax rate within the MUD Participant until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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 a MUD Participant, adopting its tax rate for the tax year. A taxing unit, such as a MUD Participant, 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.

## **MUD Participant and Taxpayer Remedies**

Under certain circumstances taxpayers and taxing units (such as the MUD Participants) 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 value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

## **Levy and Collection of Taxes**

Each MUD Participant 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 of each MUD Participant, after the legally required notice has been given to owners of property within such MUD Participant, based upon: a) the valuation of property within such MUD Participant as of the preceding January 1, and b) the amount required to be raised for maintenance purposes, debt service on the MUD Participant's bonds, the MUD Participant's pro rata share of the annual debt service requirements (including reserve fund requirements) on contract revenue bonds (including Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds) issued by the Master District, and other 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, except as set forth herein with respect to residential homesteads of persons sixty-five (65) years of age or older or disabled. 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 MUD Participant and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the MUD Participant and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the MUD Participants may be rejected. A MUD Participant'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 in writing 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 equal 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 continues to accrue during the period of deferral.

## **Additional Penalties**

Each MUD Participant has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, each MUD Participant 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 Payment Installments After Disaster**

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the MUD Participants 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.

## **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 are 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 Unit:* 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 a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

*Developed Districts:* Developed Districts that adopt a total tax rate that would impose more 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 a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

*The MUD Participants:* For the 2022 tax year, each of the MUD Participants have been determined to be a Developing District. For future years, a determination as to each MUD Participant's status as a Special Taxing Unit, Developed District or Developing District will be made by each MUD Participant on an annual basis. The District cannot give any assurances as to what the MUD Participants' classifications will be at any point in time or whether the MUD Participants future tax rates will result in a total tax rate that will reclassify the MUD Participant into a new classification and new rollback election calculation.

#### **MUD Participant's Rights in the Event of Tax Delinquencies**

Taxes levied by each MUD Participant are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including each MUD Participant, having power to tax the property. The MUD Participant's tax lien is on a parity with tax liens of such other taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of a 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, a MUD Participant may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the limitations set forth under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, a MUD Participant 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, and by taxpayer redemption rights. A taxpayer may redeem commercial property within six months and all other types of property within two (2) years after the purchaser's deed issued at the foreclosure sale is filed in the county records. A MUD Participant'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—General" and "—Tax Collection Limitations and Foreclosure Remedies."

## **INVESTMENT CONSIDERATIONS**

### **General**

The Bonds are obligations solely of the Master District and are not obligations of the State of Texas, Fort Bend County, the City, any of the MUD Participants except the Master District, or any entity other than the Master District. The Bonds are payable solely from and to the extent of certain contract payments received by the Master District from the MUD Participants pursuant to the Master District Contract, with each MUD Participant's annual contract payment being equal to its pro rata share of annual debt service on the Road Contract Revenue Bonds, including the Bonds, plus all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain funds, including the Road Reserve Fund, established under the Bond Resolution or the Road Indenture based upon the gross certified assessed valuation of each such MUD Participant as a percentage of the total gross certified assessed valuation of all MUD Participants (the "Road Contract Payment(s)"). In addition to Road Contract Payments, MUD Participants are required to make separate Water/Sewer/Drainage Contract Payments, described below, in connection with the Water/Sewer/Drainage Contract Revenue Bonds. The Water/Sewer/Drainage Contract Revenue Bonds are payable solely from and to the extent of certain contract payments received by the Master District from the MUD Participants pursuant to the Master District Contract, with each MUD Participant's annual contract payment being equal to its pro rata share of annual debt service on the Water/Sewer/Drainage Contract Revenue Bonds plus all charges and expenses of paying agents, registrars and trustees, and all amounts required to establish and maintain funds, including the Water/Sewer/Drainage Reserve Fund, established under bond resolutions for Water/Sewer/Drainage Contract Revenue Bonds or the Water/Sewer/Drainage Indenture based upon the gross certified assessed valuation of each such MUD Participant as a percentage of the total gross certified assessed valuation of all MUD Participants (the "Water/Sewer/Drainage Contract Payment(s)"). The Road Contract Payments and Water/Sewer/Drainage Contract Payments are referred to herein collectively as the "Contract Payments."

The obligations of the MUD Participants to make Road Contract Payments are several, not joint, obligations pro-rated among the MUD Participants based upon the proportion of the gross assessed valuation of property within their respective boundaries to the total gross assessed valuation of property within all of the MUD Participants as described herein. No MUD Participant is obligated to pay the Road Contract Payments allocated to any other MUD Participant; however, lack of payment, as required by the Master District Contract, by any MUD Participant could result in an increase in the Road Contract Payment amount paid by each of the other MUD Participants during the time that such MUD Participant's payment is delinquent. The security for payment of the principal of and interest on the Bonds by the Master District, therefore, depends on the ability of each MUD Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries sufficient to make its Road Contract Payments.

### **Infectious Disease Outlook (COVID-19)**

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

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The Service Area 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 Volatility on the Houston Area**

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. The District cannot predict the impact that negative conditions in the oil and gas industry could have on property values in the District.

## **Extreme Weather Events**

The greater Houston area, including the Service Area, 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 Service Area as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced four 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.

The District constructs for the benefit of and conveyance to the City, certain water, wastewater and drainage facilities needed to serve land being developed within the Service Area, and upon conveyance of the facilities to the City, the City assumes responsibility for the operation and maintenance of the facilities. According to the City, the City’s water supply and distribution system and wastewater treatment and collection system serving the property within the Service Area’s boundaries did not sustain any material damage from Hurricane Harvey and there was no interruption of water and sewer service to the Service Area as a result of Hurricane Harvey. Further, according to the developers, no taxable improvements within the Service Area experienced structural 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 Service Area, the assessed value of property within the Service Area could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the MUD Participants’ tax rates. Further, there can be no assurance that a casualty loss to taxable property within the Service Area 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 Service Area. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the Service Area could be adversely affected.

## **Specific Flood Type Risks**

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

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

## **Economic Factors and Interest Rates**

A substantial percentage of the taxable value of the Service Area results from the current market value of single-family residences and of developed lots which are currently being marketed by CCR Texas and CCR Subsidiary for sale to homebuilders for the construction of primary residences, in addition to commercial and multi-family development. The market value of such properties and lots is related to general economic conditions affecting the demand for residences and commercial and multi-family properties. Demand for lots of this type and the construction of residential dwellings thereon and the demand for commercial tracts of land can be significantly affected by factors such as interest rates, credit availability, construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the Service Area or could adversely impact such values.

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the Service Area. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the Service Area. In addition, since the Service Area is located approximately 31 miles from the central downtown business district of the City of Houston, the success of development within the Service Area and growth of Service Area taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies. A downturn in the economic conditions of Houston and the nation could adversely affect development and home-building plans in the Service Area and restrain the growth of the Service Area’s property tax base or reduce it from current levels.

## **Competition**

The demand for and construction of single-family homes in the Service Area, which is 31 miles from downtown Houston, could be affected by competition from other residential developments including other residential developments located in the western portion of the Houston metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the Service Area and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the Service Area.

The competitive position of CCR Texas and CCR Subsidiary in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the Service Area and the development of commercial and multi-family properties is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the Service Area. The District can give no assurance that building and marketing programs in the Service Area by CCR Texas, CCR Subsidiary or any of the Developers will be implemented or, if implemented, will be successful.

## **Maximum Impact on Contract Tax Rate**

Assuming no further development, the value of the land and improvements currently within the MUD Participants' boundaries will be the major determinant of the ability or willingness of owners of property within the MUD Participants' boundaries to pay their taxes. The 2022 Gross Assessed Valuation of the Participants is \$2,623,835,356 and the Estimated Gross Assessed Valuation as of September 1, 2022 is \$2,735,333,682. After issuance of the Bonds, the maximum debt service requirement on the Outstanding Bonds and the Bonds will be \$13,479,113 (2024), and the average annual debt service requirement will be \$9,856,173 (2023-2047, inclusive). Assuming no increase or decrease from the 2022 Gross Assessed Valuation and the Estimated Gross Assessed Valuation as of September 1, 2022, the issuance of no additional debt, and no other funds available for the payment of debt service, Contract Tax rates of \$0.55 and \$0.52 per \$100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum debt service requirement of the Outstanding Bonds and the Bonds and Contract Tax rates of \$0.40 and \$0.38 per \$100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the average annual debt service requirements of the Outstanding Bonds and the Bonds, respectively. Water/Sewer/Drainage Contract Payments (all of which are derived from the Water/Sewer/Drainage Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Bonds or any Road Contract Revenue Bonds; or (ii) fund or maintain the Road Reserve Fund. Road Contract Payments (all of which are derived from the Road Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Water/Sewer/Drainage Contract Revenue Bonds; or (ii) fund or maintain the Water/Sewer/Drainage Reserve Fund. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)—Debt Service Requirements."

## **Debt Burden on Property within the MUD Participants**

The Master District expects that each MUD Participant (including the District in its capacity as a MUD Participant) will derive funds to make its Road Contract Payments to the Master District from the collection of ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries. In addition to the annual levy of a tax to make its annual Road Contract Payment, each MUD Participant (including the District in its capacity as a MUD Participant) is authorized, and expected, to levy a tax on property within its boundaries (without legal limit as to rate or amount) to pay its Water/Sewer/Drainage Contract Payments, and annual principal and interest on bonds issued by the MUD Participant and to pay its operations and maintenance expenses. It is expected that if and when sufficient taxable value exists within each MUD Participant, each MUD Participant will issue bonds to finance the internal water, wastewater and storm drainage facilities within its boundaries, and to finance Park Construction Charges due to the Master District, as permitted by the rules of the TCEQ. The TCEQ rules permit the issuance of bonds by a MUD Participant based, to a certain extent, upon projections of growth in ad valorem taxable value within the boundaries of the MUD Participant. In the event those growth projections are not realized, the MUD Participant's tax rate to pay debt service on its bonds may increase in future years. The Master District has no control over such tax rate. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS—Estimated Overlapping Debt" and "APPENDIX A" for information on each MUD Participant's debt and taxes.

The composite tax rate to which property in each MUD Participant is subject may be higher than the composite tax rate of property within other competing subdivisions. To the extent that such composite tax rate is not competitive, the growth of property tax values in each MUD Participant and the investment quality or security of the Bonds could be adversely affected. The Master District has no control over such composite tax rate. See "Competition" in this section and "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE PARTICIPANTS—Overlapping Taxes."

The Master District can make no representation that the taxable property values in the MUD Participants' boundaries will maintain a value sufficient to justify continued payment of taxes by property owners. See "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)," "TAX DATA—Tax Adequacy for Debt Service," and "APPENDIX A."

### **Undeveloped Acreage and Vacant Lots**

There are approximately 83 developable acres of land within the Service Area that have not been provided with water, sanitary sewer, drainage, park, road and other facilities necessary for the construction of taxable improvements. In addition, there are 744 vacant developed lots and 41 lots currently under construction. Approximately 709 acres of land in the Service Area are currently considered undevelopable, which includes Flewellen Creek, public rights-of-way, drainage ditches, detention ponds, open spaces, easements, parks, plant sites and utility sites. The District makes no representation as to when or if development of the undeveloped acreage will occur. See “THE DISTRICT AND THE SERVICE AREA—Land Use.”

### **Dependence on Major Taxpayers**

The ten principal taxpayers within the Service Area represent \$146,463,136 or 5.71% of the certified portion (\$2,564,119,103) of the 2022 Gross Assessed Valuation of \$2,623,835,356, which represents ownership in the MUD Participants’ boundaries as of January 1, 2022. If a principal taxpayer were to default in the payment of taxes in an amount which exceeds the amount in the Road Debt Service Fund and the amounts in the Road Reserve Fund, the ability of the District to make timely payment of debt service on the Road Contract Revenue Bonds, including the Bonds, could be dependent on the ability of MUD Participants to enforce and liquidate their tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in a MUD Participant not having sufficient funds to pay its Contract Payments unless it sets a higher tax rate, hindering growth and leading to further defaults in the payment of taxes. The Master District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its Road Debt Service Fund but is required to maintain the Road Reserve Fund in the amount of the Road Reserve Requirement, which is an amount equal to one-half of maximum annual debt service on the Bonds, and any additional Road Contract Revenue Bonds outstanding. See “Tax Collection Limitations and Foreclosure Remedies” in this section, “TAXING PROCEDURES—Levy and Collection of Taxes” and “APPENDIX A.”

### **Operational Expenses**

The Master District is reliant on each MUD Participant to pay the Master District’s operating expenses. Each MUD Participant is obligated to pay monthly charges to the Master District for its share of the Master District’s operation and maintenance expenses in connection with the Master District’s provision of service from the Master District Facilities that are not being fully operated or maintained by the City. The monthly charges to be paid by each MUD Participant to the Master District will be used to pay each MUD Participant’s share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each MUD Participant’s share of operation and maintenance expenses and reserve requirements is based upon a “unit cost” of operation and maintenance expense and reserve requirements, calculated by the Master District and expressed in terms of “cost per equivalent single-family residential connection.” Each MUD Participant’s monthly payment to the Master District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections reserved to each MUD Participant on the first day of the previous month by the unit cost per equivalent single-family residential connection. The monthly cost per single family equivalent connection being charged by the Master District to the MUD Participants is presently \$30.00. The Master District Operating Account’s only sources of revenue to pay operating expenses are monthly charges paid by the MUD Participants and investment income. See “THE SYSTEM” herein.

### **Environmental Regulations**

Wastewater treatment, water supply, storm sewer facilities and construction activities within the Service Area 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 Service Area. Further, changes in regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the Service Area.

*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 in the form of a waiver under the MS4 Permit and is awaiting final approval from the TCEQ. If the District’s waiver is denied, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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 of Proposed Rulemaking to put back into place the pre-2015 definition of “waters of the United States,” and on December 7, 2021, the proposed rule was published in the Federal Register, with the public comment period closing on February 7, 2022. 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.

## **Tax Collections Limitations and Foreclosure Remedies**

The District's ability to make debt service payments may be adversely affected by one or more MUD Participant's inability to collect ad valorem taxes necessary to make its Contract Payments. Under Texas law, the levy of ad valorem taxes by each MUD Participant constitutes a lien in favor of the MUD Participant on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. Each MUD Participant'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, or (c) market conditions affecting the marketability of taxable property within the MUD Participant and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the MUD Participant will be allocated pro rata among the MUD Participant's tax obligations (including Water/Sewer/Drainage Contract Payments, Road Contract Payments, maintenance and operation expenses, and debt service for any unlimited tax bonds issued by the MUD Participant). The proceeds of any such sale of property may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)—Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within a MUD Participant pursuant to the Federal Bankruptcy Code could stay any attempt by the MUD Participant to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES—MUD Participant's Rights in the Event of Tax Delinquencies."

## **Registered Owners' Remedies and Bankruptcy Limitation to Registered Owner's Rights**

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created or confirmed in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the registered owners of the Bonds ("Registered Owners") have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, the Water/Sewer/Drainage Indenture provides certain limitations on the right of Registered Owners of the Bonds to institute suits, actions or proceedings at law or in equity upon the occurrence of an event of default. See "THE BONDS—Remedies in Event of Default" and "THE INDENTURE OF TRUST—Remedies" and "—Limitation on Action by Owners." Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the property of the Master District or property within the Service Area. Further, the Registered Owners cannot themselves foreclose on property within the Service Area or sell property within the Service Area to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District (or another MUD Participant) may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

### **Future Debt**

Pursuant to the Master District Contract and in connection with the development of the Service Area, the Master District may issue contract revenue bonds in a principal amount not to exceed \$483,000,000 to acquire and construct Master District Water/Sewer/Drainage Facilities and refunding of such bonds; and in a principal amount not to exceed \$121,450,000 to acquire and construct Master District Road Facilities and refunding of such bonds. All of the \$483,000,000 of bonds mentioned above and any other contract revenue bonds issued for the purpose of constructing and acquiring Master District Water/Sewer/Drainage Facilities, or refunding such bonds, which may be authorized by any future amendment to the Master District Contract, are referred to herein collectively as the "Water/Sewer/Drainage Contract Revenue Bonds." All of the \$121,450,000 of bonds mentioned above, including the Bonds, and any other contract revenue bonds issued for the purpose of constructing and acquiring Master District Road Facilities, or refunding such bonds, which may be authorized by any future amendment to the Master District Contract, are referred to herein collectively as the "Road Contract Revenue Bonds." Pursuant to the Master District Contract, approval by each MUD Participant and approval by the voters at an election held by each MUD Participant is required prior to any amendment to the Master District Contract that would increase such \$483,000,000 authorized amount or such \$121,450,000 authorized amount. After the issuance of the Bonds, the Master District will have \$337,350,000 principal amount of Water/Sewer/Drainage Contract Revenue Bonds authorized but unissued for the purpose of constructing or acquiring Master District Water/Sewer/Drainage Facilities and refunding of such bonds and \$45,765,000 principal amount of Road Contract Revenue Bonds authorized but unissued for the purpose of constructing or acquiring Master District Road Facilities and refunding of such bonds. The Bonds and all other Road Contract Revenue Bonds issued by the Master District, will be payable from the Road Contract Tax and the Water/Sewer/Drainage Contract Revenue Bonds will be payable from the Water/Sewer/Drainage Contract Tax. The Road Contract Tax and Water/Sewer/Drainage Contract Tax are referred to herein collectively as the "Contract Tax." The Master District anticipates that it will issue additional Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds. The Master District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of Water/Sewer/Drainage Contract Revenue Bonds it may issue payable from the Water/Sewer/Drainage Contract Tax, the amount of Road Contract Revenue Bonds it may issue payable from the Road Contract Tax, or other contract revenue bonds it may issue payable from other taxes levied by the MUD Participants.

The issuance of additional Water/Sewer/Drainage Contract Revenue Bonds (other than refunding bonds) is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The TCEQ does not currently have rules in place regulating the review and approval of road bonds issued by districts.

Pursuant to the Master District Contract and in connection with the development of the Service Area, the Master District was originally authorized to pay the capital costs of designing and constructing the regional park/recreational facilities ("Master District Park Facilities") through either: (1) issuance of contract revenue bonds in a principal amount not to exceed \$237,440,000 to pay for Master District Park Facilities and refund bonds issued for Master District Park Facilities, all of which bonds would be payable from and secured by the MUD Participants' unconditional obligation to make payments to the Master District from the proceeds of ad valorem taxes levied by the MUD Participants, or (2) park construction charges imposed by the Master District on each MUD Participant based on the number of connections reserved by a MUD Participant. In January, 2012, each MUD Participant executed an amendment to the Master District Contract providing that the Master District will fund Master District Park Facilities through such park construction charges. Accordingly, the Master District is not authorized to issue any of said \$237,440,000 for contract revenue bonds to fund Master District Park Facilities unless the Master District Contract is amended by the MUD Participants in the future to allow it to do so. See "MASTER DISTRICT CONTRACT."

To date, certain of the Developers have advanced certain funds to or on behalf of the District for construction of facilities for which they have not been reimbursed. Following issuance of the Bonds, the District will owe approximately \$23,925,000 plus interest to such Developers. Included within said \$23,925,000 is approximately \$4,500,000 attributable to Master District Water/Sewer/Drainage Facilities serving the Service Area and approximately \$19,425,000 attributable to Master District Park Facilities serving the Service Area. The approximately \$4,500,000 will be paid for by contract revenue bonds to be issued by the Master District; and approximately \$19,425,000 will be paid for by park construction charges funded by bonds to be issued by the MUD Participants or other legally available funds of the MUD Participants. However, reimbursement to the Developers may be limited by the requirement that the outstanding principal amount of bonds issued by any MUD Participant for park/recreational facilities not exceed one percent (1%) of the value of the taxable property in that MUD Participant, unless, the MUD Participant meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by any MUD Participant may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in that district. See “MASTER DISTRICT CONTRACT.” The Master District intends to issue additional contract revenue bonds in order to reimburse the Developers for Master District Water/Sewer/Drainage Facilities and Master District Road Facilities and to develop the remainder of undeveloped but developable land in the boundaries of the MUD Participants. The Service Area is comprised of the District, MUD 170, MUD 171, MUD 172 and MUD 173. There are approximately 83 acres of undeveloped but developable land within the boundaries of the MUD Participants. In addition, future changes in health or environmental regulations could require the issuance of additional bonds to finance the construction of additional improvements without any corresponding increases in taxable value. See “THE BONDS—Issuance of Additional Debt.”

The District, as a MUD Participant, has the right to issue obligations other than the contract revenue bonds, including unlimited tax bonds for the purpose of financing water, sanitary sewer and storm drainage facilities, road and park/recreational facilities that serve land within the District’s boundaries, tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. The voters of the District have authorized the issuance of \$48,748,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (and for the purpose of refunding such bonds); \$23,212,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing park and recreational facilities (and for the purpose of refunding such bonds); and \$10,556,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities (and for the purpose of refunding such bonds), all of which remains authorized but unissued. See “Maximum Impact on Contract Tax Rate” in this section and “THE BONDS—Issuance of Additional Debt.”

### **Marketability of the Bonds**

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

### **Risk Factors Related to the Purchase of Municipal Bond Insurance**

The Underwriter has entered into an agreement with Build America Mutual Assurance Company (“BAM” or the “Insurer”) for the purchase of a municipal bond insurance policy (the “Policy”). At the time of entering into the agreement, the Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE.”

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 “MUNICIPAL BOND INSURANCE.”

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

Neither the District nor the 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 principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment.

### **Continuing Compliance with Certain Covenants**

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

## **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 tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

## **LEGAL MATTERS**

### **Legal Proceedings**

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding special obligations of the District under the Constitution and laws of the State of Texas, payable from the Road Pledged Revenues, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, 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; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “THE INDENTURE OF TRUST,” “THE MUD PARTICIPANTS—Utility Agreement with the City,” “MASTER DISTRICT CONTRACT,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District 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.

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 LLP, Houston, Texas, as Disclosure Counsel.

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 Material Adverse Change**

The obligations of the Underwriter to take and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District from that set forth or contemplated in the Preliminary Official Statement, as amended or supplemented through the date of sale. If the Underwriter elects to purchase municipal bond guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by one rating agency does not and will not in any manner affect the District's financial condition.

### **No-Litigation Certificate**

The District will furnish the Underwriter a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds, the Master District Contract, restraining or enjoining the levy, collection and pledge of the funds from which the Bonds are payable; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds or the title of the present officers of the District.

## 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 interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

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 Initial Purchaser with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the 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 IRS. 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 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 Initial Purchaser 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.

## REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder; the Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction.

The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

## SALE AND DISTRIBUTION OF THE BONDS

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was rendered by SAMCO Capital Markets, Inc. (the "Underwriter" or "Initial Purchaser") bearing the interest rates shown on the cover page of this Official Statement, at a price of 97.0094% of the principal amount thereof which resulted in a net effective interest rate of 5.063702% as calculated pursuant to Chapter 1204, Texas Government Code.

The delivery of the Bonds is conditional 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. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

The prices and other terms with respect to the offering and the 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 prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Underwriter may over-allocate or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

## CONTINUING DISCLOSURE OF INFORMATION

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

### **Annual Reports**

The District will provide certain updated financial information and operating data to the MSRB through its EMMA System. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM—Master District Facilities," "FINANCIAL INFORMATION CONCERNING THE MASTER DISTRICT AND THE MUD PARTICIPANTS (UNAUDITED)," "TAX DATA," and "APPENDICES A (Certain Financial Information Regarding the MUD Participants) and "B" (Financial Statements of MUD Participants). The District will update and provide this information within six months after the end of each fiscal year ending in or after 2022.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 ("Rule"). The updated information will include audited financial statements if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if such audited financial statements become 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 September 30. Accordingly, it must provide updated information by March 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.



## **Event Notices**

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax 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 the 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 SEC Rule 15c2-12 (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, operational data, or financial statements in accordance with its agreement described above under “Annual Reports.”

## **Availability of Information from MSRB**

The District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at [www.emma.msrb.org](http://www.emma.msrb.org).

## **Limitations and Amendments**

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered Owners 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 or the MUD Participants, if but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Registered Owners of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Owners and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the 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 so provided.

### **Compliance with Prior Undertakings**

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

## **MUNICIPAL BOND RATING**

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM"). S&P has assigned an underlying rating of "BBB-" to the Bonds. An explanation of the ratings may be obtained from S&P. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by S&P, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

## **MUNICIPAL BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, 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 APPENDIX C 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](http://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](http://www.standardandpoors.com). The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### **Capitalization of BAM**

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2022 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$512.5 million, \$195.6 million and \$316.9 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](http://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 "MUNICIPAL BOND INSURANCE."

### **Additional Information Available from BAM**

*Credit Insights Videos:* For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at [www.buildamerica.com/videos](http://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](http://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.

## **PREPARATION OF OFFICIAL STATEMENT**

### **Sources and Compilation of Information**

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

### **Consultants**

In approving this Official Statement, the District has relied upon the following consultants. Each consultant has consented to the use of information provided by such firms.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the water, wastewater, drainage, park/recreational and road facilities serving the MUD Participants and, certain information included in the sections entitled "THE DISTRICT AND SERVICE AREA—Description and Location," "—Status of Development," and "THE SYSTEM" has been provided by BGE, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the MUD Participants' assessed valuations and certain other historical data concerning tax rates and tax collections has been provided by Assessments of the Southwest and is included herein in reliance upon the authority of such entity as experts in assessing property values and collecting taxes.

Independent Auditor: The MUD Participants' financial statements for the fiscal year ended September 30, 2021, were audited by McGrath & Co., PLLC. See "APPENDIX B" for a copy of MUD Participants' audited financial statement.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Operating Fund Statement" has been provided by Myrtle Cruz, Inc., and is included herein in reliance upon the authority of such firm as experts in tracking and managing the various funds of municipal utility districts.

### **Updating the Official Statement**

If subsequent to the date of the Official Statement, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the 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 the Underwriter to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

### **Certification of Official Statement**

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

## **MISCELLANEOUS**

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 169, as of the date shown on the cover page.

ATTEST:

/s/ Arden J. Morley  
President, Board of Directors

/s/ Gary Swafford  
Secretary, Board of Directors

**AERIAL LOCATION MAP**

(Approximate boundaries of the Service Area as of May 2022)

**PHOTOGRAPHS OF THE DISTRICT**  
(Taken May 2022)

## APPENDIX A

### Certain Financial Information Regarding the MUD Participants

Selected information concerning the MUD Participants is included in this Appendix in addition to certain general information concerning the MUD Participants and their obligation under the Master District Contract contained in the body of the OFFICIAL STATEMENT. See "THE MUD PARTICIPANTS" and "MASTER DISTRICT CONTRACT" therein. Each MUD Participant is severally liable for its Water/Sewer/Drainage Contract Payments in an amount equal to its pro rata share of annual debt service requirements on the Water/Sewer/Drainage Contract Revenue Bonds and severally liable for its Road Contract Payments in an amount equal to its pro rata share of annual debt service requirements on the Road Contract Revenue Bonds. No MUD Participant is liable for more than its share of such debt service. Consequently, the ability of the Master District to make timely payment of principal of and interest: (i) on the Water/Sewer/Drainage Contract Revenue Bonds would be impaired if any MUD Participant does not make its Water/Sewer/Drainage Contract Payments in full when due, unless the funds otherwise available in the Water/Sewer/Drainage Debt Service Fund and Water/Sewer/Drainage Reserve Fund exceeded the amount of such MUD Participant's deficiency; and (ii) on the Road Contract Revenue Bonds would be impaired if any MUD Participant does not make its Road Contract Payments in full when due, unless the funds otherwise available in the Road Debt Service Fund and Road Reserve Fund exceeded the amount of such MUD Participant's deficiency.

#### Certain Calculations

The information concerning the debt burden of the MUD Participants makes reference to the principal amount of each MUD Participant's pro rata share of debt service on the Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds, each MUD Participant's outstanding unlimited tax bonds, if any, and certain annual tax rate calculations. In each case, this information has been computed as follows:

Contract Debt: The principal amount of each MUD Participant's Master District Contract debt for the Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds has been calculated for purposes of analysis by allocating the principal amount of the Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds among the MUD Participants in proportion to their assessed valuation. The assessed valuations used for this calculation are based on the 2022 Gross Assessed Valuation of \$2,623,835,356. The MUD Participants' share of annual debt service requirements on the Water/Sewer/Drainage Contract Revenue Bonds and Road Contract Revenue Bonds will be determined annually by reference to their relative certified assessed valuations established by the Fort Bend Central Appraisal District.

Water/Sewer/Drainage Contract Payments (all of which are derived from the Water/Sewer/Drainage Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Bonds or any Road Contract Revenue Bonds; or (ii) fund or maintain the Road Reserve Fund. Road Contract Payments (all of which are derived from the Road Contract Tax or other legally available funds of a MUD Participant) are not pledged for and are not available to be used to: (i) pay debt service on the Water/Sewer/Drainage Contract Revenue Bonds; or (ii) fund or maintain the Water/Sewer/Drainage Reserve Fund.

Tax Rate Calculations: Tax rate calculations assume that each MUD Participant's assessed valuation does not change from the 2022 Gross Assessed Valuation of \$2,623,835,356 and that each MUD Participant collects ninety-five percent (95%) of the taxes it levies, that it issues no additional bonds, and that the Master District does not issue any additional contract revenue bonds.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 169**

(In its Capacity as a MUD Participant)

Voter Authorized Unlimited Tax Water, Sewer and Drainage Bonds.....	\$48,748,000
Voter Authorized Unlimited Tax Road Bonds .....	\$10,556,000
Voter Authorized Unlimited Tax Park Bonds .....	\$23,212,000
Total Principal Amount of Unlimited Tax Bonds Issued to Date .....	\$0
Debt Service Tax Limitation .....	Unlimited
Maintenance Tax for Water, Sanitary Sewer, Drainage, and Park/Recreational Facilities Limitation.....	\$1.50
Maintenance Tax for Road Facilities Limitation.....	\$0.25
Contract Tax Limitation .....	Unlimited
Gross Outstanding Direct Debt .....	\$0
2022 Gross Assessed Valuation .....	\$18,030,677 (a)
Estimated Gross Assessed Valuation as of September 1, 2022 .....	\$47,246,682 (b)

2022 Gross Assessed Valuation as a Percentage of  
 2022 Gross Assessed Valuation of all MUD Participants ..... 0.69%

Average Annual Debt Service:  
 Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2023-2047) ..... \$67,730

Maximum Annual Debt Service:  
 Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2024)..... \$92,627

Tax Rate Required to Pay Pro Rata Share of the Outstanding  
 Contract Revenue Bonds and the Bonds Based on 2022 Gross Assessed Valuation

Average Annual Debt Service:  
 Outstanding Contract Revenue Bonds and the Bonds (2023-2047)..... \$0.40

Maximum Annual Debt Service:  
 Outstanding Contract Revenue Bonds and the Bonds (2024)..... \$0.55

**Status of Development as of August 25, 2022:**

Acreage .....	321
Total Active Single-Family Connections Completed and Under Construction.....	109
Total Developed Lots .....	432
Total Active Multi-Family Connections (15 acres).....	190 (c)

- (a) The Appraisal District has certified \$59,900 of gross assessed value within the District as of January 1, 2022. An additional \$17,970,777 of gross assessed value, which represents 85% of the uncertified value and is subject to review and adjustment prior to certification, remains uncertified.
- (b) The Appraisal District has provided an estimated valuation as of September 1, 2022 for informational purposes, which was calculated by updating the 2022 Gross Assessed Valuation by the Appraisal District to add the estimated value of improvements constructed from January 1, 2022 to September 1, 2022. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by any of the MUD Participants.
- (c) The Broadstone Fulshear Apartments are currently under construction on approximately 15 acres.



**Principal Taxpayers:**

The following table lists the principal taxpayer(s) and such properties' assessed value. This information is based upon the 2022 Certified Taxable Assessed Valuation.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2022 Certified Taxable Assessed Valuation</u>	<u>% of 2022 Certified Taxable Assessed Valuation</u>
CCR Texas Holdings LP	Land	\$ 54,900	91.65%
Individual	Land	1,000	1.67%
Individual	Land	1,000	1.67%
Individual	Land	1,000	1.67%
Individual	Land	1,000	1.67%
Individual	Land	1,000	1.67%
Total		\$ 59,900	100.00%

**Tax Rate Distribution:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Service	\$0.00000	\$0.00000	\$0.00000	\$0.00000	\$0.00000
Contract	0.68500	0.68500	0.67500	0.69500	0.65000
Maintenance	0.65338	0.65338	0.66338	0.64338	0.68838
	\$1.33838	\$1.33838	\$1.33838	\$1.33838	\$1.33838

**Historical Tax Collections:**

<u>Tax Year</u>	<u>Net Certified Taxable Assessed Valuation (a)</u>	<u>Tax Rate</u>	<u>Total Tax Levy (b)</u>	<u>Total Collections as of September 30, 2022 (c)</u>	
				<u>Amount</u>	<u>Percent</u>
2017	\$ 7,892,274	\$ 1.34220	\$ 105,930	\$ 105,930	100.00%
2018	7,386,360	1.33838	98,858	98,858	100.00%
2019	7,384,220	1.33838	98,829	98,829	100.00%
2020	7,392,264	1.33838	98,937	98,937	100.00%
2021	7,377,200	1.33838	98,735	98,735	100.00%
2022	18,030,677	1.33838	241,319	(d)	(d)

- (a) Net valuation represents the taxable assessed value as certified by the Appraisal District less any exemptions granted.
- (b) Represents actual tax levy, including any adjustments by the Appraisal District, as of September 30, 2022.
- (c) Unaudited.
- (d) In process of collection. Taxes for 2022 are due January 31, 2023.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 170**

Voter Authorized Unlimited Tax Water, Sewer and Drainage Bonds.....	\$126,140,000
Voter Authorized Unlimited Tax Road Bonds .....	\$ 50,400,000
Voter Authorized Unlimited Tax Park Bonds .....	\$ 69,860,000
Total Principal Amount of Unlimited Tax Bonds Issued to Date.....	\$ 31,435,000 (a)
Debt Service Tax Limitation .....	Unlimited
Maintenance Tax for Water, Sanitary Sewer, Drainage, and Park/Recreational Facilities Limitation.....	\$1.50
Maintenance Tax for Road Facilities Limitation.....	\$0.25
Contract Tax Limitation .....	Unlimited
Gross Outstanding Direct Debt .....	\$29,600,000 (a)

2022 Gross Assessed Valuation .....	\$561,097,672 (b)
Estimated Gross Assessed Valuation as of September 1, 2022 .....	\$622,085,418 (c)

2022 Gross Assessed Valuation as a Percentage of 2022 Gross Assessed Valuation of all MUD Participants.....	21.38%
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Average Annual Debt Service:	
Direct Debt (2023-2045) .....	\$1,922,786
Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2023-2047) .....	\$2,107,707

Maximum Annual Debt Service:	
Direct Debt (2024) .....	\$2,106,238
Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2024) .....	\$2,882,459

Tax Rates Required to Pay Direct Debt and Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds Based on 2022 Gross Assessed Valuation

Average Annual Debt Service:	
Direct Debt (2023-2045) .....	\$0.37
Outstanding Contract Revenue Bonds and the Bonds (2023-2047) .....	0.40
Total .....	\$0.77

Maximum Annual Debt Service:	
Direct Debt (2024) .....	\$0.40
Outstanding Contract Revenue Bonds and the Bonds (2024).....	0.55
Total .....	\$0.95

**Status of Development as of August 25, 2022:**

Acreage .....	848
Total Active Single-Family Connections Completed and Under Construction.....	1,518
Total Developed Lots .....	1,730
Total Lots Under Construction.....	41
Total Active Multi-Family Connections (15 acres).....	112 (d)
Total Commercial Development (16 acres).....	70 ESFCs (e)

- (a) Includes the \$7,900,000 Unlimited Tax Bonds, Series 2022, which sold on October 3, 2022 and are expected to be issued on November 8, 2022.
- (b) The Appraisal District has certified \$546,023,054 of gross assessed value within the District as of January 1, 2022. An additional \$15,074,618 of gross assessed value, which represents 65% of the uncertified value and is subject to review and adjustment prior to certification, remains uncertified.
- (c) The Appraisal District has provided an estimated valuation as of September 1, 2022 for informational purposes, which was calculated by updating the 2022 Gross Assessed Valuation by the Appraisal District to add the estimated value of improvements constructed from January 1, 2022 to September 1, 2022. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by any of the MUD Participants.
- (d) The Cross Creek Ranch II Apartments are under construction on approximately 15 acres.
- (e) 56 of such ESFCs (approximately 11 acres) are attributable to the Marcel Town Center. On June 18, 2021, the City purchased a portion of the land and improvements on such approximately 11 acres from Marcel Town Center Cross Creek LLC. The City purchased approximately 40.5% of the retail space, which will be used as a city hall, police station, and for other municipal purposes. The taxable assessed value of the Marcel Town Center remains uncertified and subject to review and downward revision prior to certification. The portion of the property purchased by the City is exempt from the payment of ad valorem taxes, which will be reflected on the 2022 tax roll once the value is certified. The remaining land and improvements will be fully taxable. Additionally, 12 ESFCs (approximately 3 acres) are attributable to a fire station for Fort Bend County Emergency Services District No. 4 constructed on approximately 3 acres, which is exempt from the payment of ad valorem taxes.

**Principal Taxpayers:**

The following table lists the principal taxpayer(s) and such properties' assessed value. This information is based upon the 2022 Certified Taxable Assessed Valuation.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2022 Certified Taxable Assessed Valuation</u>	<u>% of 2022 Certified Taxable Assessed Valuation</u>
Greenhouse 15, LLC	Land and improvements	\$ 11,606,180	2.14%
Perry Homes LLC	Land and improvements	8,619,310	1.59%
Taylor Morrison of Texas INC	Land	6,863,270	1.27%
Tri Pointe Homes Texas INC	Land and improvements	6,072,990	1.12%
CCR Texas Holdings LP	Land	4,435,330	0.82%
Newmark Homes Houston LLC	Land and improvements	4,253,380	0.78%
Trendmaker Homes Inc	Land and improvements	3,073,680	0.57%
Brazos Valley Schools Credit Union	Land and improvements	2,889,688	0.53%
RMHSLB Owner 1 LLC	Land and improvements	2,241,520	0.41%
Chesmar Homes LLC	Land and improvements	2,097,660	0.39%
Total		\$ 52,153,008	9.62%

**Tax Rate Distribution:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Service	\$0.36750	\$0.36750	\$0.36000	\$0.35000	\$0.30000
Contract	0.67250	0.66500	0.68500	0.69500	0.64000
Maintenance	0.29838	0.30588	0.29338	0.29338	0.29000
	\$1.33838	\$1.33838	\$1.33838	\$1.33838	\$1.23000

**Historical Tax Collections:**

<u>Tax Year</u>	<u>Net Certified Taxable Assessed Valuation (a)</u>		<u>Tax Rate</u>	<u>Total Tax Levy (b)</u>	<u>Total Collections as of September 30, 2022 (c)</u>	
	<u>\$</u>				<u>\$</u>	<u>Amount</u>
2017	\$ 123,948,751		\$ 1.34220	\$ 1,663,640	\$ 1,663,640	100.00%
2018	169,011,115		1.33838	2,262,011	2,262,011	100.00%
2019	211,047,024		1.33838	2,824,611	2,824,611	100.00%
2020	269,986,230		1.33838	3,613,442	3,612,061	99.96%
2021	349,370,747		1.33838	4,675,908	4,632,119	99.06%
2022	557,452,922		1.23000	6,856,671	(d)	(d)

- (a) Net valuation represents the taxable assessed value as certified by the Appraisal District less any exemptions granted.
- (b) Represents actual tax levy, including any adjustments by the Appraisal District, as of September 30, 2022.
- (c) Unaudited.
- (d) In process of collection. Taxes for 2022 are due January 31, 2023.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 171**

Voter Authorized Unlimited Tax Water, Sewer and Drainage Bonds.....	\$68,558,000	
Voter Authorized Unlimited Tax Road Bonds .....	\$17,150,000	
Voter Authorized Unlimited Tax Park Bonds .....	\$37,100,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date .....	\$28,015,000	(a)
Debt Service Tax Limitation .....	Unlimited	
Maintenance Tax for Water, Sanitary Sewer, Drainage, and Park/Recreational Facilities Limitation.....	\$ 1.50	
Maintenance Tax for Road Facilities Limitation.....	\$ 0.25	
Contract Tax Limitation .....	Unlimited	
Gross Outstanding Direct Debt .....	\$11,940,000	(a)

2022 Gross Assessed Valuation .....	\$456,996,776	(b)
Estimated Gross Assessed Valuation as of May 1, 2022.....	\$465,644,019	(c)

2022 Gross Assessed Valuation a Percentage of  
 2022 Gross Assessed Valuation of all MUD Participants ..... 17.42%

Average Annual Debt Service:

Direct Debt (2023-2038) .....	\$ 922,261
Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2023-2047) .....	\$1,716,662

Maximum Annual Debt Service:

Direct Debt (2034).....	\$1,143,063
Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2024).....	\$2,347,674

**Tax Rates Required to Pay Direct Debt and Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds Based on 2022 Gross Assessed Valuation**

Average Annual Debt Service:

Direct Debt (2023-2038) .....	\$0.22
Outstanding Contract Revenue Bonds and the Bonds (2023-2047) .....	<u>0.40</u>
Total .....	\$0.62

Maximum Annual Debt Service:

Direct Debt (2034).....	\$0.27
Outstanding Contract Revenue Bonds and the Bonds (2024).....	<u>0.55</u>
Total .....	\$0.82

**Status of Development as of August 25, 2022:**

Acreage .....	576
Total Active Single-Family Connections Completed and Under Construction.....	909
Total Developed Lots .....	955
Total Commercial Development (43 acres).....	117 ESFCs (d)

- (a) Includes \$2,790,000 Unlimited Tax Refunding Bonds, Series 2018, \$7,795,000 Unlimited Tax Refunding Bonds, Series 2019, and \$1,460,000 Unlimited Tax Refunding Bonds, Series 2020.
- (b) The Appraisal District has certified \$450,612,239 of gross assessed value within the District as of January 1, 2022. An additional \$6,384,537 of gross assessed value, which represents 85% of the uncertified value and is subject to review and adjustment prior to certification, remains uncertified.
- (c) The Appraisal District has provided an estimated valuation as of May 1, 2022 for informational purposes, which was calculated by updating the 2021 Gross Assessed Valuation provided by the Appraisal District to add the estimated value of improvements constructed from January 1, 2021 to May 1, 2022. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by any of the MUD Participants.
- (d) 29 of such ESFCs (approximately 33 acres) are attributable to a church that is exempt from the payment of ad valorem taxes.

**Principal Taxpayers:**

The following table lists the principal taxpayer(s) and such properties' assessed value. This information is based upon the 2022 Certified Taxable Assessed Valuation.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2022 Certified Taxable Assessed Valuation</u>	<u>% of 2022 Certified Taxable Assessed Valuation</u>
Alders at Cross Creek Property LLC	Land	\$ 8,321,736	1.85%
CCR Texas Holdings LP	Land and improvements	6,604,210	1.47%
Cesu Investments LLC	Land	3,574,820	0.79%
CCR Loan Subsidiary 1 LP	Land	3,427,790	0.76%
Calcam LLP	Personal Property	1,449,330	0.32%
Individual	Land and improvements	1,014,200	0.23%
Individual	Land and improvements	929,290	0.21%
Individual	Land and improvements	879,480	0.20%
Individual	Land and improvements	870,160	0.19%
Individual	Land and improvements	859,760	0.19%
Total		\$ 27,930,776	6.21%

**Tax Rate Distribution:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Service	\$0.27000	\$0.23500	\$0.21500	\$0.21500	\$0.21500
Contract	0.69500	0.69500	0.69500	0.69000	0.64500
Maintenance	0.14150	0.14420	0.16000	0.14500	0.14000
	\$1.10650	\$1.07420	\$1.07000	\$1.05000	\$1.00000

**Historical Tax Collections:**

<u>Tax Year</u>	<u>Net Certified Taxable Assessed Valuation (a)</u>		<u>Tax Rate</u>	<u>Total Tax Levy (b)</u>	<u>Total Collections as of September 30, 2022 (c)</u>	
					<u>Amount</u>	<u>Percent</u>
2017	\$	361,453,092	\$ 1.11750	\$ 4,039,238	\$ 4,039,238	100.00%
2018		362,345,134	1.10650	4,009,349	4,009,349	100.00%
2019		372,021,184	1.07420	3,996,252	3,996,252	100.00%
2020		394,383,534	1.07000	4,219,904	4,215,645	99.90%
2021		402,753,629	1.05000	4,228,913	4,217,129	99.72%
2022		456,039,943	1.00000	4,560,399	(d)	(d)

- (a) Net valuation represents the taxable assessed value as certified by the Appraisal District less any exemptions granted.
- (b) Represents actual tax levy, including any adjustments by the Appraisal District, as of September 30, 2022.
- (c) Unaudited.
- (d) In process of collection. Taxes for 2022 are due January 31, 2023.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 172**

Voter Authorized Unlimited Tax Water, Sewer and Drainage Bonds.....	\$171,878,000	
Voter Authorized Unlimited Tax Road Bonds .....	\$ 31,710,000	
Voter Authorized Unlimited Tax Park Bonds .....	\$ 80,640,000	
Total Principal Amount of Unlimited Tax Bonds Issued to Date.....	\$ 39,225,000	(a)
Debt Service Tax Limitation .....	Unlimited	
Maintenance Tax for Water, Sanitary Sewer, Drainage, and Park/Recreational Facilities Limitation .....	\$1.50	
Maintenance Tax for Road Facilities Limitation.....	\$0.25	
Contract Tax Limitation .....	Unlimited	
Gross Outstanding Direct Debt .....	\$ 29,345,000	(a)

2022 Gross Assessed Valuation .....	\$981,246,831	(b)
Estimated Gross Assessed Valuation as of September 1, 2022 .....	\$982,122,990	(c)

2022 Gross Assessed Valuation as a Percentage of  
 2022 Gross Assessed Valuation of all MUD Participants .....37.40%

Average Annual Debt Service:

Direct Debt (2023-2043) .....	\$1,901,073
Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2023-2047) .....	\$3,685,955

Maximum Annual Debt Service:

Direct Debt (2033).....	\$2,186,231
Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2024).....	\$5,040,841

**Tax Rates Required to Pay Direct Debt and Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds Based on 2022 Gross Assessed Valuation**

Average Annual Debt Service:

Direct Debt (2023-2043) .....	\$0.21
Outstanding Contract Revenue Bonds and the Bonds (2023-2047) .....	0.40
Total .....	\$0.61

Maximum Annual Debt Service:

Direct Debt (2033) .....	\$0.24
Outstanding Contract Revenue Bonds and the Bonds (2024) .....	0.55
Total .....	\$0.79

**Status of Development as of August 25, 2022:**

Acreage .....	910
Total Active Single-Family Connections Completed and Under Construction .....	1,648
Total Developed Lots.....	1,648
Total Commercial Development (37 acres) .....	196 ESFCs (d)

- (a) Includes \$4,480,000 Unlimited Tax Refunding Bonds, Series 2021. Does not include approximately \$4,555,000 of unlimited tax park bonds expected to be issued in the fourth quarter of 2022.
- (b) The Appraisal District has certified \$973,936,538 of gross assessed value within the District as of January 1, 2022. An additional \$7,310,293 of gross assessed value, which represents 85% of the uncertified value and is subject to review and adjustment prior to certification, remains uncertified.
- (c) The Appraisal District has provided an estimated valuation as of September 1, 2022 for informational purposes, which was calculated by updating the 2022 Gross Assessed Valuation provided by the Appraisal District to add the estimated value of improvements constructed from January 1, 2022 to September 1, 2022. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by any of the MUD Participants.
- (d) 29 of such ESFCs (approximately 14 acres) are attributable to a school that is exempt from the payment of ad valorem taxes.

**Principal Taxpayers:**

The following table lists the principal taxpayer(s) and such properties' assessed value. This information is based upon the 2022 Certified Taxable Assessed Valuation.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2022 Certified Taxable Assessed Valuation</u>	<u>% of 2022 Certified Taxable Assessed Valuation</u>
Cross Creek Commons - Partnership A LP	Land and improvements	\$ 7,687,640	0.79%
MPG-CCC1 LLC	Land and improvements	4,494,500	0.46%
SCG-CCC2 LLC	Land and improvements	3,890,000	0.40%
Algonquin Cross Creek LLC	Land and improvements	3,018,870	0.31%
Naj Reality LLC	Land and improvements	2,525,310	0.26%
Southpaw Holdings at Fulshear LLC	Land and improvements	2,166,790	0.22%
Fulshear Car Wash Services LLC	Land and improvements	2,033,190	0.21%
Centerpoint Energy Electric	Personal Property	1,565,260	0.16%
Trendmaker Homes Inc.	Land, improvements and Personal Property	1,418,420	0.15%
C2 Commercial LLC	Land and improvements	1,265,740	0.13%
Total		\$ 30,065,720	3.09%

**Tax Rate Distribution:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Service	\$0.29500	\$0.29500	\$0.26500	\$0.22000	\$0.21000
Contract	0.69500	0.69500	0.69500	0.69500	0.64000
Maintenance	0.17000	0.14500	0.13000	0.11500	0.09500
	\$1.16000	\$1.13500	\$1.09000	\$1.03000	\$0.94500

**Historical Tax Collections:**

<u>Tax Year</u>	<u>Net Certified</u>		<u>Tax Rate</u>	<u>Total Tax Levy (b)</u>	<u>Total Collections as of September 30, 2022 (c)</u>	
	<u>Taxable Assessed Valuation (a)</u>				<u>Amount</u>	<u>Percent</u>
2017	\$ 542,187,757	\$ 1.18500	\$ 6,424,925	\$ 6,420,807	99.94%	
2018	565,392,493	1.16000	6,558,553	6,551,372	99.89%	
2019	613,712,677	1.13500	6,965,639	6,956,377	99.87%	
2020	704,023,534	1.09000	7,673,857	7,661,745	99.84%	
2021	818,566,188	1.03000	8,431,232	8,364,703	99.21%	
2022	978,973,497	0.94500	9,251,300	(d)	(d)	

- (a) Net valuation represents the taxable assessed value as certified by the Appraisal District less any exemptions granted.
- (b) Represents actual tax levy, including any adjustments by the Appraisal District, as of September 30, 2022.
- (c) Unaudited.
- (d) In process of collection. Taxes for 2022 are due January 31, 2023.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 173**

Voter Authorized Unlimited Tax Water, Sewer and Drainage Bonds.....	\$103,376,000
Voter Authorized Unlimited Tax Road Bonds .....	\$ 24,430,000
Voter Authorized Unlimited Tax Park Bonds .....	\$ 45,920,000
Total Principal Amount of Unlimited Tax Bonds Issued to Date.....	\$ 26,300,000
Debt Service Tax Limitation .....	Unlimited
Maintenance Tax for Water, Sanitary Sewer, Drainage, and Park/Recreational Facilities Limitation.....	\$1.50
Maintenance Tax for Road Facilities Limitation.....	\$0.25
Contract Tax Limitation .....	Unlimited
Gross Outstanding Direct Debt .....	\$ 24,145,000

2022 Gross Assessed Valuation .....	\$606,463,401 (a)
Estimated Gross Assessed Valuation as of May 1, 2022.....	\$618,234,573 (b)

2022 Gross Assessed Valuation as a Percentage of 2022 Gross Assessed Valuation of all MUD Participants .....	23.11%
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Average Annual Debt Service:	
Direct Debt (2023-2045).....	\$1,490,160
Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2023-2047).....	\$2,278,119

Maximum Annual Debt Service:	
Direct Debt (2030).....	\$1,590,006
Pro Rata Share of the Outstanding Contract Revenue Bonds and the Bonds (2024).....	\$3,115,511

Tax Rates Required to Pay Direct Debt and Pro Rata Share of the Outstanding  
Contract Revenue Bonds and the Bonds Based on 2022 Gross Assessed Valuation

Average Annual Debt Service:	
Direct Debt (2023-2045) .....	\$0.26
Outstanding Contract Revenue Bonds and the Bonds (2023-2047) .....	0.40
Total .....	\$0.66

Maximum Annual Debt Service:	
Direct Debt (2030) .....	\$0.28
Outstanding Contract Revenue Bonds and the Bonds (2024) .....	0.55
Total .....	\$0.83

**Status of Development as of August 25, 2022:**

Acreage .....	638
Total Active Single-Family Connections Completed and Under Construction .....	1,006
Total Developed Lots .....	1,006
Total Active Multi-Family Connections (22 acres).....	156
Total Commercial Development (199 acres).....	559 ESFCs (c)

- (a) The Appraisal District has certified \$600,767,372 of gross assessed value within the District as of January 1, 2022. An additional \$5,696,029 of gross assessed value, which represents 85% of the uncertified value and is subject to review and adjustment prior to certification, remains uncertified.
- (b) The Appraisal District has provided an estimated valuation as of May 1, 2022 for informational purposes, which was calculated by updating the 2021 Gross Assessed Valuation provided by the Appraisal District to add the estimated value of improvements constructed from January 1, 2021 to May 1, 2022. This estimate has no official status. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year, and, therefore, this estimate will not be the basis for any tax levy by any of the MUD Participants.
- (c) 132 of such ESFCs (approximately 125 acres) are attributable to schools and 12 of such ESFCs (approximately 3 acres) are attributable to a Fort Bend County Public Safety Annex, all of which are exempt from the payment of ad valorem taxes.



**Principal Taxpayers:**

The following table lists the principal taxpayer(s) and such properties' assessed value. This information is based upon the 2022 Certified Taxable Assessed Valuation.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2022 Certified Taxable Assessed Valuation</u>	<u>% of 2022 Certified Taxable Assessed Valuation</u>
CCR 21 LLC	Land and improvements	\$ 46,752,610	7.79%
HEB Grocery Company LP	Land, improvements and Personal Property	21,328,520	3.55%
Landmark Industries	Land and improvements	11,450,400	1.91%
Securecare Moveit McCallen LLC	Land and improvements	9,996,000	1.67%
RK CCR Phase I LLC	Land and improvements	9,661,200	1.61%
2ML Cross Creek LLC	Land and improvements	7,258,880	1.21%
RK CCR North LLC	Land and improvements	6,387,440	1.06%
Texas Petroleum Group LLC	Land and improvements	5,862,390	0.98%
Yurdy LLC	Land and improvements	5,109,220	0.85%
Shops at Cross Creek II LLC	Land and improvements	5,105,040	0.85%
Total		\$ 128,911,700	21.47%

**Tax Rate Distribution:**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Debt Service	\$0.33000	\$0.35500	\$0.30000	\$0.27250	\$0.24750
Contract	0.70500	0.67500	0.71500	0.69500	0.64500
Maintenance	0.30338	0.30838	0.25500	0.26750	0.23750
	\$1.33838	\$1.33838	\$1.27000	\$1.23500	\$1.13000

**Historical Tax Collections:**

<u>Tax Year</u>	<u>Net Certified Taxable Assessed Valuation (a)</u>		<u>Tax Rate</u>	<u>Total Tax Levy (b)</u>		<u>Total Collections as of September 30, 2022 (c)</u>	
	<u>Assessed Valuation (a)</u>	<u>Taxable Assessed Valuation (a)</u>		<u>Tax Levy (b)</u>	<u>Total Tax Levy (b)</u>	<u>Amount</u>	<u>Percent</u>
2017	\$ 171,051,628		\$ 1.34220	\$ 2,295,855	\$ 2,294,895	99.96%	
2018	254,192,392		1.33838	3,402,060	3,400,490	99.95%	
2019	383,644,172		1.33838	5,134,617	5,132,152	99.95%	
2020	509,938,253		1.27000	6,476,216	6,468,988	99.89%	
2021	542,494,965		1.23500	6,699,813	6,675,560	99.64%	
2022	606,031,568		1.13000	6,848,157	(d)	(d)	

- (a) Net valuation represents the taxable assessed value as certified by the Appraisal District less any exemptions granted.
- (b) Represents actual tax levy, including any adjustments by the Appraisal District, as of September 30, 2022.
- (c) Unaudited
- (d) In process of collection. Taxes for 2022 are due January 31, 2023.

**APPENDIX B**

Audited Financial Statements of MUD Participants

Financial Statement of the District for the year ended September 30, 2021  
Financial Statement of MUD 170 for the year ended September 30, 2021  
Financial Statement of MUD 171 for the year ended September 30, 2021  
Financial Statement of MUD 172 for the year ended September 30, 2021  
Financial Statement of MUD 173 for the year ended September 30, 2021

**APPENDIX C**  
Specimen Municipal Bond Insurance Policy