

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; 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. SEE “TAX MATTERS” FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds are NOT “qualified tax-exempt obligations” for financial institutions.

NEW ISSUE—BOOK-ENTRY-ONLY
CUSIP No. 10606M

Insured “AA” (stable outlook) S&P
See “MUNICIPAL BOND RATING” and “BOND INSURANCE” herein
\$17,340,000

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT No. 53
(A political subdivision of the State of Texas, located in Brazoria County, Texas)
UNLIMITED TAX BONDS
SERIES 2023

Dated: April 1, 2023

Due: April 1 (as shown below)

Interest on the \$17,340,000 Unlimited Tax Bonds, Series 2023 (the “Bonds” or the “Series 2023 Bonds”) will accrue from April 1, 2023, and will be payable on October 1 and April 1 of each year, commencing October 1, 2023. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM” herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “THE BONDS – Paying Agent/Registrar.”

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. (“AGM”).



MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

<u>Principal Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Yield (a)</u>	<u>Principal Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Yield (a)</u>
\$455,000	2026	6.500%	3.65%	\$755,000	2038(b)	4.000%	4.20%
\$475,000	2027	6.500%	3.65%	\$790,000	2039(b)	4.000%	4.25%
\$495,000	2028	6.500%	3.65%	\$820,000	2040(b)	4.125%	4.30%
\$520,000	2029(b)	6.500%	3.60%	\$860,000	2041(b)	4.250%	4.35%
\$540,000	2030(b)	5.250%	3.60%	\$895,000	2042(b)	4.250%	4.40%
\$565,000	2031(b)	5.000%	3.60%	\$935,000	2043(b)	4.250%	4.45%
\$590,000	2032(b)	4.000%	3.75%	\$975,000	2044(b)	4.250%	4.48%
\$615,000	2033(b)	4.000%	3.90%	\$1,015,000	2045(b)	4.375%	4.50%
\$640,000	2034(b)	4.000%	4.00%	\$1,060,000	2046(b)	4.375%	4.52%
\$665,000	2035(b)	4.000%	4.05%	\$1,105,000	2047(b)	4.375%	4.54%
\$695,000	2036(b)	4.000%	4.11%	\$1,150,000	2048(b)	4.375%	4.55%
\$725,000	2037(b)	4.000%	4.15%				

- (a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed.
- (b) The Bonds maturing on or after April 1, 2029, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2028, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds within a maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or such other customary method, in integral multiples of \$5,000 in any one maturity See “THE BONDS – Optional Redemption.”

The proceeds of the Bonds will be used by Brazoria County Municipal Utility District No. 53 (the “District”) to fund: (1) to finance the costs of certain water, sewer, drainage, and detention improvements, engineering and material testing costs; (2) pay the \$9,885,000 Bond Anticipation Note, Series 2022A (the “Series 2022A Note”) interest and cost of issuance expenses; (3) detention land costs; (4) water and wastewater capacity; (5) certain related Developer interest costs; (6) \$693,300 or twelve (12) months of capitalized interest on the Bonds; and (6) certain administrative costs and costs of issuance of the Bonds. See “USE OF BOND PROCEEDS.”

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See “THE BONDS – Source of and Security for Payment.” The Bonds are obligations solely of the District and are not obligations of the State of Texas, Brazoria County, the City of Iowa Colony, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Brazoria County, or the City of Iowa Colony is pledged to the payment of the principal of, or interest on, the Bonds. **The Bonds are subject to certain RISK FACTORS described under the caption “RISK FACTORS.”**

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about April 6, 2023.

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT.....	1
CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12	2
MUNICIPAL BOND RATING.....	3
BOND INSURANCE.....	3
OFFICIAL STATEMENT SUMMARY	5
DEBT SERVICE REQUIREMENTS.....	9
INTRODUCTION.....	10
RISK FACTORS.....	10
USE OF BOND PROCEEDS.....	19
THE DISTRICT.....	20
THE DISTRICT’S DEVELOPER.....	24
THE SYSTEM	24
MANAGEMENT OF THE DISTRICT.....	27
DISTRICT INVESTMENT POLICY	27
DISTRICT DEBT	28
DISTRICT TAX DATA.....	29
TAXING PROCEDURES.....	31
ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION	35
THE BONDS	36
BOOK-ENTRY-ONLY SYSTEM	38
LEGAL MATTERS.....	40
TAX MATTERS.....	41
REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS	42
OFFICIAL STATEMENT	42
MISCELLANEOUS	43
INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT	A
SPECIMEN MUNICIPAL BOND INSURANCE POLICY	B

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement is not to be used in connection with 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 registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change 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.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs.

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

References to website 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 websites and the information or links contained therein are not incorporated into, and are not part of this Official Statement for any purpose.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM, supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.003933% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.514804% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

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

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial number of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after their initial sale by the District. Information concerning reoffering yields or prices is the responsibility of the Underwriter. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the bonds may be greater than the difference between the bids and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities as bonds of such entities are more generally bought, sold or traded in the secondary market.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING 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-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

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

Annual Reports

The information to be updated with respect to the District includes the quantitative financial information and operating data of the District of the general type included in "DISTRICT DEBT," (except for – "ESTIMATED OVERLAPPING DEBT,") "DISTRICT TAX DATA," and "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2023. The District will provide the updated information to EMMA.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements if 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, the District will provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is the last day of February. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 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 a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The terms "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 provisions for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement although holders and 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 to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, if but only if, the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid but, in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

This is the District's third bond issuance. Since the District's first bond issue in 2021, the District has complied with its past continuing disclosure agreements made in accordance with the Rule.

MUNICIPAL BOND RATING

S&P Global Ratings ("S&P") has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE."

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially

scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On October 21, 2022, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 8, 2022, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022.

Capitalization of AGM

At December 31, 2022:

- The policyholders' surplus of AGM was approximately \$2,747 million.
- The contingency reserve of AGM was approximately \$855 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,134 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 filed with the Securities and Exchange Commission (the "SEC") on March 1, 2023 that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

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

Any information regarding AGM included herein under the caption "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

- Description:** The \$17,340,000 Unlimited Tax Bonds, Series 2023, (the "Bonds") are dated April 1, 2023. The Bonds are being issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be adopted by Brazoria County Municipal Utility District No. 53 (the "District"), an order of the Texas Commission on Environmental Quality (the "TCEQ"), and a bond election held within the District. The Bonds represent the third series of bonds to be issued by the District. See "THE BONDS."
- Source of Payment:** The Bonds are payable from a continuing direct annual ad valorem tax levied against all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Brazoria County, the City of Iowa Colony, or any other political subdivision or agency. See "THE BONDS."
- Redemption Provisions:** The Bonds maturing on or after April 1, 2029, are subject to early redemption, in whole or from time to time in part, on April 1, 2028, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption."
- Book-Entry-Only System:** The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, and interest on, the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."
- Use of Proceeds:** Proceeds from the sale of the Bonds will be used to fund: (1) to finance the costs of certain water, sewer, drainage, and detention improvements, engineering and material testing costs; (2) pay \$9,885,000 Bond Anticipation Note, Series 2022A (the "Series 2022A Note") interest and cost of issuance expenses; (3) detention land costs; (4) water and wastewater capacity; (5) certain related Developer interest costs; (6) \$693,300 or twelve (12) months of capitalized interest on the Bonds; and (6) certain administrative costs and costs of issuance of the Bonds.. See "USE OF BOND PROCEEDS."
- Legal Opinion:** Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
- Paying Agent/Registrar:** The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.
- Payment Record:** The District has never defaulted in the payment of principal or interest on any bonds or outstanding obligations.
- Outstanding Bonds:** The District has previously issued two series of bonds as follows: \$5,180,000 Unlimited Tax Road Bonds, Series 2022 (the "Series 2022 Bonds"), and the \$5,440,000 Unlimited Tax Bonds, Series 2021 (the "Series 2021 Bonds"), all of which will remain outstanding as of closing and delivery of the Bonds.
- Risk Factors:** The Bonds are subject to certain investment considerations as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and "LEGAL MATTERS."
- NOT Qualified Tax Exempt Obligations:** The Bonds are NOT "qualified tax-exempt obligations" for financial institutions.
- Municipal Bond Insurance and Rating:** S&P has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. See "MUNICIPAL BOND RATING," "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

THE DISTRICT

Description:

The District is a municipal utility district created by order dated January 30, 2019. The District was created pursuant to the authority of Article XVI, Section 59 and Article III, Section 52, of the Texas Constitution and operates pursuant to Chapter 49 and 54 Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District was created with certain road and park powers. See "THE DISTRICT."

The District contains approximately 502 acres of land. The District is located entirely within Brazoria County, Texas, and entirely within the extraterritorial jurisdiction of the City of Iowa Colony, Texas. The District is located entirely within the Alvin Independent School District. The District is located approximately 20 miles south of the Central Business District of the City of Houston. The District is generally bounded on the north by County Road No. 56 and to the east by County Road No.48, and on the south by County Road No. 64. According to the District's Engineer, none of the developed land within the District would be subject to flooding during a hypothetical 100-year flood event. See "THE DISTRICT."

Status of Land Development:

A summary of the approximate land use in the District appears in the following table as of February 1, 2023:

<u>Type of Land Use</u>	<u>Approximate Acres</u>	
Developed Acres	326	(a)
Under Development	0	
Remaining Developable Acreage	15	(b)
Undevelopable Acreage	<u>161</u>	(c)
Total Approximate Acres	502	

- (a) Represents the developable acres located in Sierra Vista West Subdivision, Sections 1-10. Such acreage also includes a 15.47-acre school site currently under construction.
- (b) Represents developable acres for commercial/recreation uses in the future.
- (c) Includes street rights-of-way, detention ponds, drainage easements, parks and recreation, open spaces, District plant sites, pipeline easements and drilling sites. Includes approximately 17 acres in Sierra West, Sections 1, 2 and 5 that are utilized as drainage reserves.

Homebuilding Development:

As of February 1, 2023, the residential development in the District included 781 completed homes, 67 homes under construction, and 521 vacant developed lots. Homes in the District are currently being constructed by Meritage Homes, Liberty Homes, Anglia Homes, Ashton Woods Homes and Devon Street and are being marketed in the \$240,000 - \$340,000 price range.

The Developer:

The Developer of substantially all of the land in the District is Land Tejas Sterling Lakes South, LLC (the "Original Developer"), a special purpose entity created by Land Tejas Companies, Ltd. solely for the purpose of developing land located within the District. The General Partner and sole member of the Developer is Mr. Al P. Brende who is also the President of Land Tejas Companies, Ltd.

In December 2021 the Original Developer sold a portion of its interests to Astro Vanbrooke LP, a Delaware limited partnership created by Mr. Al P. Brende/the Land Tejas Companies. and Starwood Land Astro Ventrure LP. Astro Vanbrooke LP is a special purpose entity established solely for the purpose of developing land and marketing developed land within the District. Starwood Land Astro Venture LP has entered into a management agreement with the Land Tejas companies for the purpose of managing the day to day development activities within the District. The Original Developer has assigned its developer financing agreement with the District to Astro Vanbrooke LP. The Original Developer and Astro Vanbrooke LP are collectively referred to herein as the "Developer".

The System:

The Districts System (as defined herein) is capable of serving 778 equivalent single-family connections ("ESFCs"). The District has emergency interconnect agreements with Brazoria County Municipal Utility District Nos. 31 and 32. The District has awarded a contract for an expansion of water plant to be able to serve a total of 1,666 ESFC's. it is currently anticipated that plant expansion project construction will begin in March 2023 and that the plant expansion will be operational by December 2023. See "THE SYSTEM."

100-Year Flood Plain: None of the District is located within the 100-year floodplain as determined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Map Numbers 48039C0115K dated December 30, 2020, Brazoria County, Texas, and Incorporated Areas. See "THE SYSTEM."

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 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.

There are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed in order 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 District has not experienced any decrease in property values, unusual tax delinquencies or interruptions to any 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 reinstatement of restrictions. See "RISK FACTORS – Infectious Disease Outlook (COVID-19)."

SELECTED FINANCIAL INFORMATION
(Unaudited)

1/1/2023 Estimated Taxable Value	\$302,187,990	(a)
7/15/2022 Estimated Taxable Value	\$203,518,380	(a)
2022 Certified Taxable Value	\$130,257,850	(b)
Direct Debt		
Outstanding Bonds	\$10,620,000	
The Bonds	<u>\$17,340,000</u>	
Total Direct Debt	\$27,960,000	
Estimated Overlapping Debt	<u>\$11,221,015</u>	
Direct and Estimated Overlapping Debt	\$39,181,015	
Percentage of Direct Debt to:		
1/1/2023 Estimated Taxable Value	9.25%	
7/15/2022 Estimated Taxable Value	13.74%	
2022 Certified Taxable Value	21.47%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
1/1/2023 Estimated Taxable Value	12.97%	
7/15/2022 Estimated Taxable Value	13.74%	
2022 Certified Taxable Value	30.08%	
See "DISTRICT DEBT"		
2022 Tax Rate Per \$100 of Assessed Value		
Debt Service Tax	\$0.34	
Maintenance Tax	<u>\$1.01</u>	
Total 2022 Tax Rate	\$1.35	
Cash and Temporary Investment Balances		
General Fund (as of February 10, 2023)	\$3,052,831	
Debt Service Fund	\$445,421	(c)
Road Debt Service Fund	\$111,278	

-
- (a) Reflects data supplied by Brazoria County Appraisal District ("BCAD"). The Estimated Taxable Values as of 1/1/2023 and 7/15/2022 were prepared by BCAD and provided to the District. Such values are not binding on BCAD and are provided for informational purposes only. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA."
- (b) Reflects the 1/1/2022 Taxable Value according to data supplied by BCAD. See "DISTRICT TAX DATA."
- (c) The cash and investment balance in the Debt Service Fund includes the capitalized interest that was funded with the proceeds of the District's Series 2022 Bonds and deposited into such fund on the date of delivery of the Bonds. See "DISTRICT TAX DATA - Tax Adequacy of Tax Revenue."

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service on the District's Outstanding Bonds and the Bonds.

<u>Year</u>	<u>Existing Debt Service Requirements</u>	<u>Debt Service on the 2023 Bonds</u>		<u>Total Debt Service Requirements</u>
		<u>Principal</u>	<u>Interest</u>	
2023	\$405,319		\$390,525	\$795,844
2024	\$386,756		\$781,050	\$1,167,806
2025	\$639,737		\$781,050	\$1,420,787
2026	\$635,036	\$455,000	\$766,263	\$1,856,299
2027	\$648,918	\$475,000	\$736,038	\$1,859,956
2028	\$639,262	\$495,000	\$704,513	\$1,838,775
2029	\$631,793	\$520,000	\$671,525	\$1,823,318
2030	\$629,893	\$540,000	\$640,450	\$1,810,343
2031	\$623,493	\$565,000	\$612,150	\$1,800,643
2032	\$646,418	\$590,000	\$586,225	\$1,822,643
2033	\$638,668	\$615,000	\$562,125	\$1,815,793
2034	\$635,618	\$640,000	\$537,025	\$1,812,643
2035	\$632,168	\$665,000	\$510,925	\$1,808,093
2036	\$648,043	\$695,000	\$483,725	\$1,826,768
2037	\$643,243	\$725,000	\$455,325	\$1,823,568
2038	\$638,043	\$755,000	\$425,725	\$1,818,768
2039	\$657,068	\$790,000	\$394,825	\$1,841,893
2040	\$650,318	\$820,000	\$362,113	\$1,832,431
2041	\$667,793	\$860,000	\$326,925	\$1,854,718
2042	\$664,218	\$895,000	\$289,631	\$1,848,849
2043	\$654,962	\$935,000	\$250,744	\$1,840,706
2044	\$650,190	\$975,000	\$210,156	\$1,835,346
2045	\$664,527	\$1,015,000	\$167,234	\$1,846,761
2046	\$657,974	\$1,060,000	\$121,844	\$1,839,818
2047	\$651,661	\$1,105,000	\$74,484	\$1,831,145
2048	\$293,015	<u>\$1,150,000</u>	<u>\$25,156</u>	\$1,468,171
2049	\$301,125			\$301,125
2050	\$303,750			<u>\$303,750</u>
TOTALS	\$16,539,009	\$17,340,000	\$11,867,750	\$45,746,759

Maximum Annual Debt Service Requirements (2027)..... \$1,859,956

\$0.65 tax rate on the 1/1/2023 Estimated Taxable Value of \$302,187,990
 @ 95% collections produces.....\$1,866,011

\$0.97 tax rate on the 7/15/2022 Estimated Taxable Value of \$203,518,380
 @ 95% collections produces.....\$1,875,422

\$1.51 tax rate on 2022 Certified Taxable Valuation of \$130,257,850
 @ 95% collections produces..... \$1,868,549

See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

**OFFICIAL STATEMENT
relating to**

\$17,340,000

**Brazoria County Municipal Utility District No. 53
(A political subdivision of the State of Texas located within Brazoria County, Texas)**

**UNLIMITED TAX BONDS
SERIES 2023**

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the \$17,340,000 Brazoria County Municipal Utility District No. 53 Unlimited Tax Bonds, Series 2023 (the "Bonds").

The Bonds are issued pursuant to Article XVI Section 59 the Texas Constitution and general laws of the State of Texas, including but not limited to, Chapter 49 and 54 of the Texas Water Code as amended, pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be adopted by the Board of Directors of Brazoria County Municipal Utility District No. 53 (the "District"), an election held within the District, and an order of the Texas Commission on Environmental Quality (the "TCEQ").

This Official Statement includes descriptions of the Bonds, the Bond Resolution, certain information about the District and its financial condition, and the Developer in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Bond Counsel upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Brazoria County, the City of Iowa Colony, or any other political subdivision. The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to generate property taxes to pay debt service at current levels.

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 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.

There are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed in order 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 District has not experienced any decrease in property values, unusual tax delinquencies or interruptions to any 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 reinstatement of restrictions.

Potential Effects of Oil Price Volatility on the Houston Area

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

Dependence on the Energy Industry

The economy of the Houston metropolitan area, which has sometimes been referred to as the energy capital of the world, is, in part, dependent upon the oil and gas and petrochemical industries. During the height of the COVID-19 pandemic in 2020, worldwide consumption of energy decreased dramatically and led to the lowest oil prices in three decades. This led to layoffs of workers, business failures and reduced capital and operating expenditures by energy companies. While there has been some rebound, Houston area jobs in the energy industry have not fully recovered. In 2021, the United States rejoined the 2015 Paris Climate Accords, under which many countries have agreed to move away from fossil fuels to alleviate climate change. Although major energy companies expect that fossil fuels will be vital to the global economy for many years to come, they have recognized the need to direct more investment toward various clean energy projects. The pace and success of these efforts could significantly affect the Houston economy in the future.

Marketability

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

Tax Collections

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be impaired by (a) repetitive, annual, expensive collection procedures, (b) a federal bankruptcy court's stay of tax collection procedures, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See "TAXING PROCEDURES – District's Right in the Event of Tax Delinquencies".

Registered Owners' Remedies

If the District defaults in the payment of principal of, interest on, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created 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 have the 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 do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages. Even if such sovereign immunity were waived and a judgment against the District for money damages were obtained, the judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

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

Notwithstanding noncompliance by a district with Texas law requirements, a 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 Owners could potentially and adversely impair the value of the Registered Owners' 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 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 the District.

A District cannot be placed into bankruptcy involuntarily.

Approval of the Bonds

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

Economic Factors

The Houston area economy is particularly tied to the energy industry, and continuing low oil and natural gas prices could adversely affect the demand for housing and the assessed values of properties located in the District.

The continued growth of taxable values in the District is directly related to the housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates at which developers and builders are able to obtain financing for development or building costs. Interest rate levels may affect the developers' or builders' ability to complete development or building plans. Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space. These factors, if they recur, could affect the demand for new residential home construction and commercial development and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon homebuilding plans altogether.

The housing industry in the Houston area is competitive and the District can give no assurance that current building programs will be completed. The competitive position of the Developer in the sale of its developed lots or, respectively, that of present and prospective builders in the construction of single-family residential houses, is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Alternative sites are available for the construction of single-family residential improvements and within the market area in which the District is located. Such sites could pose competition to the continued homebuilding development and commercial development on comparable sites within the District.

Landowners/Developer under No Obligation to the District

Neither the Developer nor any other landowner within the District has any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District. Currently, there is no restriction on any landowner's right (including the Developer) to sell its land. Failure to construct taxable improvements on developed lots (anticipated to be created by the Developer) and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon certain principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – Principal Taxpayers."

Dependence on Future Development and Potential Impact on District Tax Rates

The District's 2022 tax rate of \$1.35 per \$100 of assessed valuation is slightly higher than the tax rate that is common among many other similar utility districts providing water, sanitary sewer, and storm drainage services in Brazoria County. An increase in the

District's tax rate substantially above such a level could have an adverse impact on future development in the District and on the District's ability to collect such tax.

Assuming no further residential building development within the District, other than that which has been constructed, the value of such land and improvements currently located and under construction within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay ad valorem taxes levied by the District. After the issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the outstanding bonds will be \$1,859,956 (2027). The District's 1/1/2023 Estimated Taxable Value is \$302,187,990. Assuming no increase or decrease from the 1/1/2023 Estimated Taxable Value and no use of other District funds, a tax rate of \$0.65 per \$100 of Assessed Valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirements. The District's 7/15/2022 Estimated Taxable Value is \$203,518,380. The District's 2022 Certified Taxable Value is \$130,257,850. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Future Debt

The District's voters have authorized the issuance of unlimited tax bonds for various purposes as reflected in the table below:

<u>Amount</u>	<u>Purpose</u>
\$319,206,000	For certain water, sanitary sewer, and storm water facilities and for refunding
\$94,450,000	For certain road facilities and for refunding
\$35,133,000	For certain parks and recreational facilities and for refunding

After the issuance of the Bonds, the District will have \$89,270,000 of unlimited tax road facility bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, \$296,426,000 of unlimited tax water, wastewater and drainage facilities bonds (and for refunding such bonds previously issued) that remains authorized but unissued, and \$35,133,000 of unlimited tax parks and recreational facilities bonds (and for refunding such bonds previously issued) that remains authorized but unissued.

The District has the right to issue additional bonds as may hereafter be approved by both the Board and the voters of the District. Such additional bonds would be issued on a parity with the Bonds. Any future new money bonds (except for road bonds) to be issued by the District must also be approved by the TCEQ. Further, the principal amount of parks and recreational facilities bonds issued by the District may not exceed one percent of the District's certified taxable assessed valuation, unless effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District.

The District currently has one outstanding bond anticipation note. The District is issuing the Bonds in part to pay the interest and cost of issuance expenses on of the outstanding Series 2022A bond anticipation note.

The District 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 could issue bonds payable from taxes for said purpose, 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; (b) amendment of the existing City of Houston ordinance specifying the purposes for which the District may issue bonds; (c) approval of the fire plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. The District has no information concerning any determination by the City of Iowa County to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. The District held a park and recreational facilities bond election on May 4, 2019, that authorized \$35,133,000 of park bonds.

Current law may be changed in a manner to increase the amount of bonds that may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

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 retroactively to the date of original issuance. See "TAX MATTERS."

Environmental Regulations

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

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

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

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

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

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

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

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

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

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply

systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

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

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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. 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 itself became the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contained a new definition of “waters of the United States.” The NWPR became effective June 22, 2020, and is 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 made 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. On December 30, 2022, the EPA and USACE finalized the proposed rule, effective as of March 20, 2023, which vacates and remands the NWPR released in 2020 and interprets “waters of the United States” consistent with the pre-2015 regulatory regime. The adoption of the new rule is the subject of litigation, including a suit filed in the United States District Court for the Southern District of Texas. Due to this 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.

Changes in Tax Legislation

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

Bond Insurance Risk Factors

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

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond 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 Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "BOND INSURANCE" herein.

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

Extreme Weather Events; Hurricane Harvey

The Houston area, including Brazoria County, is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e., "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 25, 2017, and brought historic levels of rainfall during the succeeding four days. According to the observations of the District's Operator and the District's Engineer, the District's System did not sustain any significant damage. In August of 2017 there were no customers in the District.

The District is located approximately 90 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

Winter Storm Uri

From February 12-19, 2021, the State of Texas experienced a severe winter storm ("Winter Storm Uri") which included prolonged freezing temperatures, heavy snow and freezing rains statewide. Winter Storm Uri led to power outages and potable and non-potable water shortages in many areas of the State, including the District. The federal government issued a Major Disaster Declaration for the State of Texas and has included federal funding for emergency protective measures. The District did not sustain material damage to its infrastructure during Winter Storm Uri. However, the City was unable to provide the District with potable water supply as a result of issues relating to the City's water supply system. As a result, the District customers experienced an interruption of water supply service as a result of Winter Storm Uri. The District experienced no interruptions of wastewater service as a result of Winter Storm Uri. The District cannot predict the impact of future winter weather events.

Severe Weather

The District is located approximately 70 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

Specific Flood Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flooding – 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) Flooding – 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.

Coastal (or Storm Surge) Flooding – Coastal, or storm surge, flooding occurs when sea levels or water levels in estuarial rivers, bayous and channels rise to abnormal levels in coastal areas, over and above the regular astronomical tide, caused by forces generated from a severe storm's wind, waves, and low atmospheric pressure. Storm surge is extremely dangerous, because it is capable of flooding large swaths of coastal property and causing catastrophic destruction. This type of flooding may be exacerbated when storm surge coincides with a normal high tide.

Temporary Tax Exemption for Property Damaged by Disaster

Effective January 1, 2020, the prior process that gave local taxing jurisdictions the option to request a reappraisal following a disaster was repealed and replaced with a mandatory temporary property tax exemption for qualified property that is in a Governor-declared disaster area and at least 15% physically damaged. Qualified property includes tangible personal property, improvements to real property, and manufactured homes. Eligible individuals must apply within a specified time frame and, if the disaster occurs after taxes are levied, the taxing unit must act to authorize the exemption. The amount of the exemption is determined by the percentage level of damage and is prorated based on the date of the disaster. The Appraisal District must perform a damage assessment and assign a percentage rating to determine the amount of the exemption. Any exemption granted under the new provisions expires the first year the property is reappraised.

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

In addition, under the Texas Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

Tax Payment Installments

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the taxpayer 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. See "TAXING PROCEDURES." After January 1, 2021, a district may adopt an exemption for a portion of the value of property damaged by a declared national disaster based on the percentage of damage to the property

In addition, under the Texas Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

Atlas 14

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

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used by the District: to fund: (1) to finance the costs of certain water, sewer, drainage, and detention improvements, engineering and material testing costs; (2) pay the \$9,885,000 Bond Anticipation Note, Series 2022A (the "Series 2022A Note") interest and cost of issuance expenses; (3) detention land costs; (4) water and wastewater capacity; (5) certain related Developer interest costs; (6) \$693,300 or twelve (12) months of capitalized interest on the Bonds; and (6) certain administrative costs and costs of issuance of the Bonds.

The Engineer has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS	<u>Total Amount</u>
<i>Developer Contribution Items</i>	
Sierra Vista West Mass Grading & Detention Phase 1	\$240,174
Sierra Vista West Section 1 – W, WW, & D	\$1,390,557
Sierra Vista West Section 2 – W, WW, & D	\$2,140,622
Sierra Vista West Section 3 – W, WW, & D	\$1,334,438
Sierra Vista West Section 4 – W, WW, & D	\$2,517,669
Sierra Vista West Section 5 – W, WW, & D	\$603,317
Crystal View Drive Ph. 2 – W, WW, & D & Ames Blvd. Ph. 1 – WW	\$238,482
Engineering	\$1,438,778
Storm Water Pollution Prevention	<u>\$103,466</u>
<i>Total Developer Contribution Items</i>	\$10,007,503
<i>District Items</i>	
Land Costs - Detention	\$2,572,093
Water & Wastewater Capacity Purchase	<u>\$924,000</u>
<i>Total District Items</i>	\$3,496,093
TOTAL CONSTRUCTION COSTS	\$13,503,596 (a)
NON-CONSTRUCTION COSTS	
Legal Fees	\$375,100
Fiscal Agent Fees	\$346,800
Interest Costs	
Capitalized Interest	\$693,600
Developer Interest	\$1,021,790
BAN Interest	\$345,975
Bond Discount	\$519,517
Bond Issuance Expenses	\$44,995
Bond Anticipation Note Costs	\$207,844
District Legal Expenses	\$150,000
Bond Application Report Costs	\$77,250
Attorney General Fee	\$9,500
TCEQ Bond Issuance Fee	\$43,350
Contingency	<u>\$683 (b)</u>
TOTAL NON-CONSTRUCTION COSTS	\$3,836,404
 TOTAL BOND ISSUE REQUIREMENT	 <u>\$17,340,000</u>

- (a) TCEQ rules require, with certain exceptions, that developers contribute a minimum of 30% of the construction costs of certain district system facilities. The District was granted a waiver from the TCEQ's 30% developer contribution requirement pursuant to 30 TEX. ADMIN. CODE §293.47(a)(3).
- (b) The District will designate any surplus Bond proceeds resulting from the sale of the Bonds at a lower interest rate than the estimated rate as a contingency line item in the Final Official Statement. Such funds will be used by the District after approval of such expenditures by the Board of Directors, and in compliance with TCEQ rules.

THE DISTRICT

Authority

The District is a municipal utility district created by order of the TCEQ dated January 30, 2019. The District was created pursuant to the authority of Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and operates pursuant to Chapter 49 and 54 Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District was created with certain road and park powers.

Under certain limited circumstances, the District is authorized to construct, develop, and maintain park and recreational facilities, and to construct roads. In addition, the District is authorized to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to provide such facilities and services to the customers of the District.

In order to obtain the consent of the City of Iowa Colony (the "City") to the inclusion of and within District (within whose extraterritorial jurisdiction the District lies) the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities, road facilities, and park and recreational facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require the City's approval of certain of the District's construction plans and specifications.

Description

The District contains approximately 502 acres of land. The District is located entirely within Brazoria County, Texas, partially within the City of Iowa Colony and partially within the extraterritorial jurisdiction of the City. The District is located entirely within the Alvin Independent School District. The District is located approximately 20 miles south of the Central Business District of the City of Houston. The District consists of one tract of land. The District is generally bounded on the north by County Road No. 56 and to the east by County Road 48 and on the south by County Road 64. According to the District's Engineer, none of the acres of developed land noted in the table below would be subject to flooding during a hypothetical 100-year flood event.

Status of Land Development/Land Uses in the District

A summary of the approximate land use in the District as of February 1, 2023 appears in the following table:

<u>Type of Land Use</u>	<u>Approximate Acres</u>	
Developed Acres	326	(a)
Under Development	0	
Remaining Developable Acreage	15	(b)
Undevelopable Acreage	<u>161</u>	(c)
Total Approximate Acres	502	

-
- (a) Represents the developable acres located in Sierra Vista West Subdivision, Sections 1-10. Such acreage also includes a 15.47-acre school site currently under construction.
 - (b) Represents developable acres for commercial/recreation uses in the future.
 - (c) Includes street rights-of-way, detention ponds, drainage easements, parks and recreation, open spaces, District plant sites, pipeline easements and drilling sites. Includes approximately 17 acres in Sierra West, Sections 1, 2 and 5 that are utilized as drainage reserves.

Homebuilding Development

A tabulation of the single-family development and potential future commercial development within the District as of February 1, 2023, is approximately as follows:

<u>Section</u>	<u>Acreage</u>	<u>Total Lots</u>	<u>Completed</u>	<u>Under Construction</u>	<u>Vacant Developed Lots</u>
Sierra Vista West, Section 1	32 (a)	112	104	5	3
Sierra Vista West, Section 2	39 (b)	160	160	0	0
Sierra Vista West, Section 3	37 (c)	149	143	2	4
Sierra Vista West, Section 4	63 (d)	270	158	12	100
Sierra Vista West, Section 5	64 (e)(f)	198	97	16	85
Sierra Vista West, Section 6	25 (d)	84	70	8	6
Sierra Vista West, Section 7	30 (g)	109	26	18	65
Sierra Vista West, Section 8	19 (h)	78	10	0	68
Sierra Vista West, Section 9	25 (i)	99	13	6	80
Sierra Vista West, Section 10	<u>18 (j)</u>	<u>110</u>	<u>0</u>	<u>0</u>	<u>110</u>
TOTAL	352	1,369	781	67	521

(a) Acreage includes 4.9544 acres dedicated to drainage reserves and 0.3045 in lift station reserve.

(b) Acreage includes 4.2286 acres dedicated to drainage reserves.

(c) Acreage includes 2.3290 acres dedicated to a drill site reserve.

(d) The lots in Section 4 & 6 became available for home building in September 2021.

(e) Represents lots developed by Meritage Homes.

(f) Includes 7.4184 acres dedicated to drainage reserve, 6.1097 acres dedicated to drill site and wastewater treatment plant reserves, and 1.1093 acres dedicated to a water plant reserve.

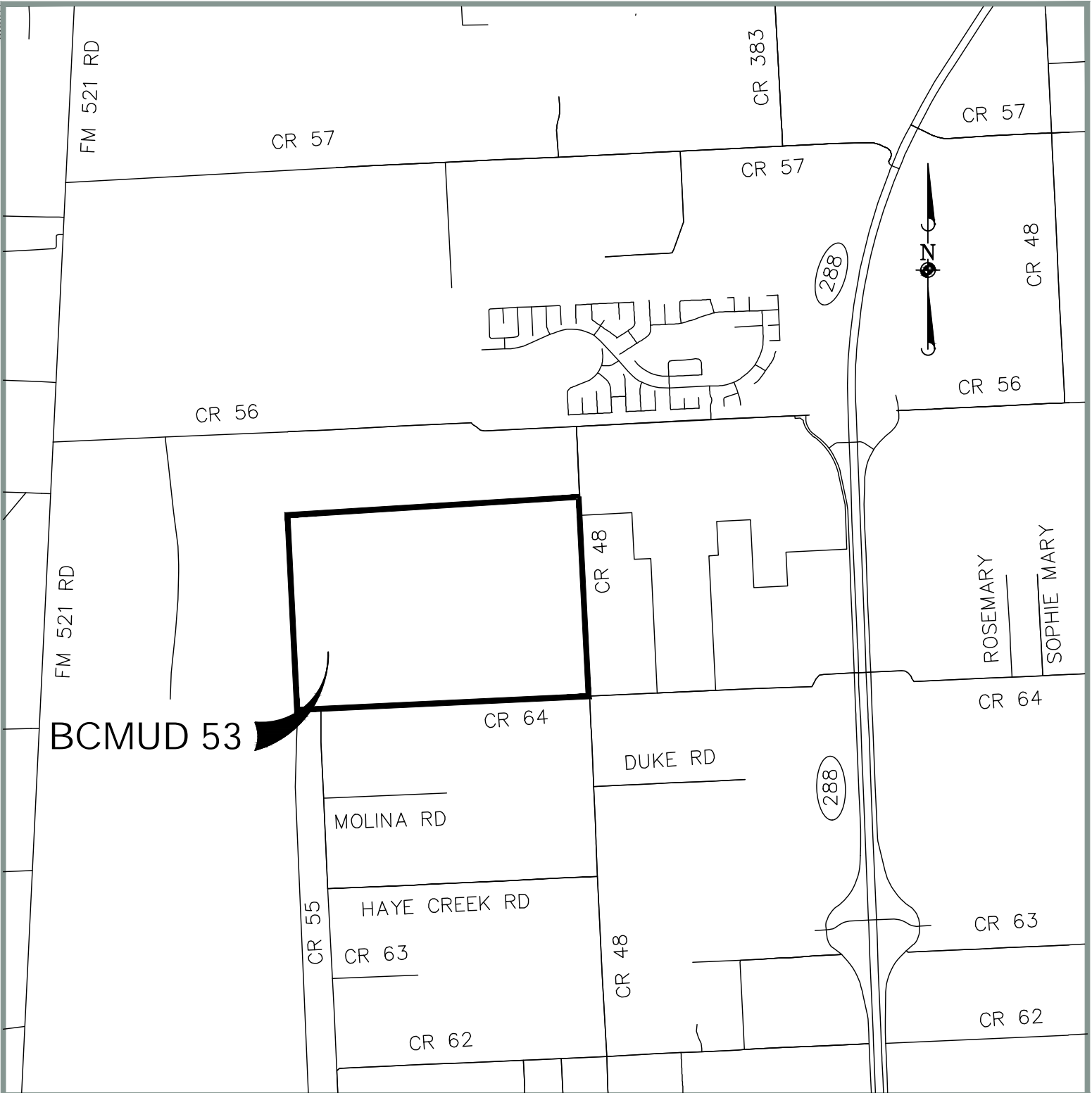
(g) The lots in Section 7 became available for home building in December 2021.

(h) The lots in Section 8 became available for home building in March 2022.

(i) The lots in Section 9 became available for home building in April 2022.

(j) CWT Sierra LP is the developer of Sierra Vista, Section 10. Land development in this Section was completed in January 2023. It is currently anticipated that the construction of 110 "build to rent" homes will begin during the first quarter of 2023. CWT Sierra LP anticipates that the average size of the homes in this section will be approximately 1,771 square feet.

8.5x11



BRAZORIA KEY MAP: 692 J & N

ZIP CODE 77422

LOCATION MAP

1" = 1/2 MILE

ATTACHMENT 4

BRAZORIA COUNTY M.U.D. No. 53 BOND APPLICATION NO. 1

LOCATION MAP





BRAZORIA COUNTY MUD NO. 53
Aerial Date 08.10.2022

THE DISTRICT'S DEVELOPER

Role of a Developer

In general, the activities of a developer in a municipal utility district, such as the District, include purchasing the land within a district, designing the streets in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities, and selling improved lots and commercial reserves to builders, other developers, or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater, and drainage facilities in the utility district exclusive of water and sewage treatment plants unless a waiver from this requirement is requested and obtained from the TCEQ by the District, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district.

The Developer

The Developer of substantially all of the land in the District is Land Tejas Sterling Lakes South, LLC (the "Original Developer"), a special purpose entity created by Land Tejas Companies, Ltd. solely for the purpose of developing land located within the District. The General Partner and sole member of the Developer is Mr. Al P. Brende who is also the President of Land Tejas Companies, Ltd.

In December 2021 the Original Developer sold a portion of its interests to Astro Sierra Vista LP, a Delaware limited partnership created by Mr. Al P. Brende/the Land Tejas Companies. and Starwood Land Astro Ventrure LP. Starwood Land Venture LP is a special purpose entity established solely for the purpose of developing land and marketing developed land within the District. Starwood Land Astro Venture LP has entered into a management agreement with the Land Tejas companies for the purpose of managing the day to day development activities within the District. The Original Developer has assigned its developer financing agreement with the District to Astro Sierra Vista LP. The Original Developer and Astro Sierra Vista LP are collectively referred to herein as the "Developer".

THE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system (the "System") 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. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Brazoria County, the City, and the Texas Department of Health also exercise regulatory jurisdiction over the District's System.

Water Supply

The District currently obtains water plant capacity from water supply facilities owned and operated by the District. The District's water supply facilities are capable of serving 778 equivalent single-family connections ("ESFCs"). The District has emergency interconnect agreements with Brazoria County Municipal Utility District Nos. 31 and 32. The District has awarded a contract for an expansion of water plant to be able to serve a total of 1,666 ESFC's. it is currently anticipated that plant expansion project construction will begin in March 2023 and that the plant expansion will be operational by December 2023.

Wastewater Treatment

The District currently obtains wastewater treatment capacity from pursuant to the terms of a capacity lease agreement with General Plant Finance, LLC, an affiliate of the AUC Group, LP. The District's wastewater treatment plant is capable of serving 800 ESFCs.

Storm Drainage Facilities

Land within the District naturally drains northwest to southeast through a series of agricultural ditches to the West Fork of Chocolate Bayou and then to Chocolate Bayou. Both ditches are maintained by Brazoria County Drainage District No. 5. The District has constructed underground storm sewers which discharge into a series of detention ponds providing storm water detention to offset increased rainfall runoff associated with development of land in the District.

No homes were located within the District at that time of Hurricane Harvey. According to the District's Operator and Engineer, the District did not receive any damage to its facilities in the District during Hurricane Harvey. See "RISK FACTORS – Extreme Weather Events; Hurricane Harvey."

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection, and storm drainage facilities have been constructed to serve 1,368 lots in the District.

100-Year Flood Plain

None of the District is located within the 100- year floodplain as determined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Map Numbers 48039C0115K dated December 30, 2020, Brazoria County, Texas, and Incorporated Areas.

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's operations is provided for information purposes only.

	<u>Fiscal Year Ended February 28 (a)</u>		
	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUES			
Property taxes	\$298,649	\$113,226	\$8,245
Water service	\$76,828	\$5,414	\$100
Sewer service	\$82,454	\$6,921	-
Penalty and interest	\$6,102	\$416	-
Tap connection and inspection fees	\$1,525,138 (b)	\$501,483	\$22,650
Investment income	\$292	\$534	\$23
Other income	<u>\$10,549</u>	<u>\$580</u>	<u>-</u>
TOTAL REVENUES	\$2,000,012	\$628,574	\$31,018
EXPENDITURES			
<i>Service operations:</i>			
Professional fees	\$142,585	\$136,566	\$31,848
Contracted services	\$140,509	\$32,748	\$9,870
Utilities	\$23,576	\$3,750	-
Repairs and maintenance	\$372,360	\$76,920	\$202
Other expenditures	\$115,081	\$39,736	\$19,562
Tap connections	\$326,807	\$84,788	\$3,500
Capital Outlay	\$94,793	\$1,099,701	\$6,575
Lease payments	\$247,919	-	-
Debt service, debt issuance costs	<u>-</u>	<u>\$15,161</u>	<u>-</u>
TOTAL EXPENDITURES	\$1,463,630	\$1,489,370	\$71,557
Deficiency of Revenues Over Expenditures	\$536,382	(\$860,796)	(\$40,539)
Other Financing Sources			
Developer advances received	-	\$29,500	\$78,400
Capital recovery fees	<u>-</u>	<u>\$1,070,300</u>	<u>\$235,200</u>
Total other financing sources	-	\$1,099,800	\$313,600
Excess of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	<u>\$536,382</u>	<u>\$239,004</u>	<u>\$273,061</u>
Fund Balance, Beginning of Year	\$512,065	\$273,061	\$0
Fund Balance, End of Year	\$1,048,447 (c)	\$512,065	\$273,061

(a) Per data provided in the District's audited financial statements. See "APPENDIX A" for the District's audited financial statements for the fiscal year ended February 28, 2022.

(b) A portion of the tap connection fee includes the cost of installing and maintaining the tap. Additionally, the tap connection fee includes funds that are dedicated to the payment of water and wastewater treatment capacity necessary to serve the lot; such portion will be used for capital costs and is segregated from general operating revenues.

(c) As of February 10, 2023, the District's General Fund had an unaudited cash and investment balance of approximately \$3,052,831. For the fiscal year February 28, 2023, the District is projecting General Fund Revenues of \$2,654,270 and General Fund Operating Expenditures of \$2,069,506. For the fiscal year ending February 29, 2024 the District is budgeting \$2,892,666 of revenues and \$1,912,854 of operating expenditures.

MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board"), which has control over and management supervision of all affairs of the District. None of the directors reside in the District; each of the directors owns a parcel of land in the District subject to a note and deed of trust. A directors' election is held within the District in May in even-numbered years. Directors are elected to serve four-year staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below.

<u>Name</u>	<u>Title</u>	<u>Expires May</u>
Robert Serrett	President	2024
Richard Boehck	Vice President	2026
Debbie Wang Romero	Secretary	2024
Andrew Bowman	Assistant Vice President	2026
Donna Jones	Assistant Secretary	2026

The District does not employ a general manager or any other full-time employees. The District has contracted for bookkeeping, tax assessing and collecting services, and annual auditing of its financial statements as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Assessments of the Southwest, Inc., who is employed under an annual contract and represents approximately 185 other utility districts.

Bookkeeper – The District's Bookkeeper is McLennan & Associates, LP, which acts as bookkeeper for approximately 200 other utility districts.

Auditor – The financial statements of the District as of February 28, 2022, and for the year then ended, included in this offering document, have been audited by FORVIS, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's February 28, 2022, audited financial statements.

Utility System Operator – The System's operator is Si Environmental, LLC (the "Operator") who serves as the Operator for approximately 35 other special districts.

Engineer – The consulting engineer for the District is Elevation Land Solutions (the "Engineer").

Financial Advisor – The GMS Group, L.L.C., ("GMS") serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of the bonds if and when such bonds are delivered.

Bond Counsel – Allen Boone Humphries Robinson LLP serves as Bond Counsel to the District and as counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Disclosure Counsel – Norton Rose Fulbright US LLP, Houston, Texas, serves as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT INVESTMENT POLICY

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield in its portfolio. Funds of the District are invested in short-term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral, evidenced by perfected safekeeping receipts held by a third-party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate the inclusion of long-term securities or derivative products in the District portfolio.

DISTRICT DEBT

1/1/2023 Estimated Taxable Value	\$302,187,990	(a)
7/15/2022 Estimated Taxable Value	\$203,518,380	(a)
2022 Certified Taxable Value	\$130,257,850	(b)

Direct Debt	
Outstanding Bonds	\$10,620,000
The Bonds	<u>\$17,340,000</u>
Total Direct Debt	\$27,960,000

Estimated Overlapping Debt	<u>\$11,221,015</u>
Direct and Estimated Overlapping Debt	\$39,181,015

Percentage of Direct Debt to:	
1/1/2023 Estimated Taxable Value	9.25%
7/15/2022 Estimated Taxable Value	13.74%
2022 Certified Taxable Value	21.47%

Percentage of Direct and Estimated Overlapping Debt to:	
1/1/2023 Estimated Taxable Value	12.97%
7/15/2022 Estimated Taxable Value	19.25%
2022 Certified Taxable Value	30.08%

2022 Tax Rate Per \$100 of Assessed Value	
Debt Service Tax	\$0.34
Maintenance Tax	<u>\$1.01</u>
Total 2022 Tax Rate	\$1.35

Cash and Temporary Investment Balances	
General Fund (as of February 10, 2023)	\$3,052,831
Debt Service Fund	\$445,421
Road Debt Service Fund	\$111,278

(a) Reflects data supplied by Brazoria County Appraisal District ("BCAD"). The Estimated Taxable Values as of 1/1/2023 and 7/15/2022 were prepared by BCAD and provided to the District. Such values are not binding on BCAD and are provided for informational purposes only. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA."

(b) Reflects the 1/1/2022 Certified Taxable Value according to data supplied by BCAD. See "DISTRICT TAX DATA."

Estimated Overlapping Debt

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

<u>Taxing Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Overlapping %</u>	<u>Overlapping Debt Amount</u>
Brazoria County	\$201,032,703	0.36%	\$720,131
Alvin Independent School District	\$940,572,634	1.05%	\$9,879,437
Alvin Community College District	\$26,984,810	0.94%	\$252,426
Brazoria County Drainage District No. 5	\$0	7.66%	\$0
Port Freeport	\$54,715,902	0.67%	<u>\$369,022</u>
Total Estimated Overlapping Debt			<u>\$11,221,015</u>
The District (a)			<u>\$27,960,000</u>
Total Direct and Estimated Overlapping Debt			<u>\$39,181,015</u>

(a) Includes the Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax information collection experience of the District for the years 2019 through 2022. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

<u>Year</u>	<u>Taxable Valuation</u>	<u>Tax Rate (a)</u>	<u>Tax Levy</u>	<u>Cumulative Tax Collections (b)</u>	<u>Year Ended September 30</u>
2022	\$130,257,850	\$1.35	\$1,758,481	97% (c)	2023
2021	\$26,443,893	\$1.35	\$356,993	99%	2022
2020	\$8,294,456	\$1.35	\$111,975	100%	2021
2019	\$745,940	\$1.35	\$10,070	100%	2020

(a) See "Tax Rate Distribution" herein.

(b) Represents cumulative collections as of February 10, 2023.

(c) The 2022 taxes are in the process of collections; such taxes become delinquent if not paid before February 1, 2023. See "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. The District's voters authorized a maintenance tax of up to \$1.50 per \$100.00 of assessed valuation at an election held on May 4, 2019. See "Tax Rate Distribution" herein.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2019 through 2022.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Service	\$0.34	\$0.00	\$0.00	\$0.00
Maintenance/Operations	<u>\$1.01</u>	<u>\$1.35</u>	<u>\$1.35</u>	<u>\$1.35</u>
Total	<u>\$1.35</u>	<u>\$1.35</u>	<u>\$1.35</u>	<u>\$1.35</u>

Additional Penalties

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

Principal Taxpayers

The list of principal taxpayers for 2022 and the other information provided by this table were provided by BCAD to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of BCAD.

<u>Property Owner</u>	<u>Property Description</u>	<u>Property Value</u>	<u>% of Total</u>
Castlerock Communities LLC	Lots/Houses	\$4,827,190	3.71%
Meritage Homes of Texas LLC	Lots/Houses/Open Space	\$4,777,310	3.67%
Clay Residential-Sierra Vista LP	Lots/Houses	\$4,764,090	3.66%
D R Horton Texas LTD	Lots/Houses	\$4,655,800	3.57%
BC Sierra Vista LLC	Lots/Houses	\$2,056,690	1.58%
Davidson Homes LLC	Lots/Houses	\$1,912,690	1.47%
Lexington 26	Lots/Houses	\$1,897,210	1.46%
Castlerock Communities LP	Lots/Houses	\$1,476,780	1.13%
Anglia Homes LP	Lots/Houses	\$1,349,430	1.04%
Astro Sierra Vista LP	Lots/Houses/Reserves	<u>\$1,046,640</u>	<u>0.80%</u>
TOTAL TOP 10 VALUE		\$28,763,830	22.08%

Analysis of Tax Base

Based on information provided to the District by BCAD and its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the deferments for 2019 through 2022.

<u>Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Gross Valuations</u>	<u>Exemptions</u>	<u>Taxable Valuations</u>
1/1/2023						\$302,187,990 (a)
2022	\$52,557,263	\$82,700,957	\$54,050	\$135,312,270	\$5,054,420	\$130,257,850 (b)
2021	\$18,655,750	\$8,069,750	\$10,480	\$26,735,980	\$292,087	\$26,443,893
2020	\$8,325,290	\$0	\$0	\$8,325,290	\$30,834	\$8,294,456
2019	\$1,714,230	\$0	\$0	\$1,714,230	\$968,290	\$745,940

- (a) The 1/1/2023 Estimated Taxable Value was prepared by BCAD and provided to the District. Such value is not binding on BCAD and provided for informational purposes only. The District is authorized by law to levy taxes only against certified values.
- (b) Reflects the 1/1/2022 Taxable Value according to data supplied by BCAD.

Estimated Overlapping Taxes

The following table sets forth all 2022 taxes levied by overlapping taxing jurisdictions for substantially all of the completed homes and homes under construction that are located within the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

<u>Taxing Jurisdictions</u>	<u>2022 Tax Rate</u>
Brazoria County	\$0.291106
Road & Bridge Fund	\$0.050000
Alvin Independent School District	\$1.377700
Alvin Community College	\$0.164145
Brazoria County Drainage District No. 5 - Iowa Colony Drainage	\$0.123851
Brazoria County Emergency Service District No. 3	\$0.097745
Port Freeport	<u>\$0.035000</u>
Overlapping Taxes	\$2.139547
 The District	 <u>\$1.350000</u>
Total Direct & Overlapping Taxes	<u>\$3.489547</u>

Tax Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District’s Operating Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the 1/1/2023 Estimated Taxable Valuation and the 2022 Certified Taxable Valuation. The calculations utilize a tax rate adequate to service the District’s maximum annual debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2027).....	\$1,859,956
Requires a \$0.65 debt service tax rate on the 1/1/2023 Estimated Taxable Value at 95% collections.....	\$1,866,011
Requires a \$0.97 debt service tax rate on the 7/15/2022 Estimated Taxable Value at 95% collections.....	\$1,875,422
Requires a \$1.51 debt service tax rate on the 2022 Certified Taxable Value at 95% collections.....	\$1,868,549

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See “RISK FACTORS – Future Debt.” The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS - Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by the voters in the District. See “DISTRICT TAX DATA – Maintenance Tax.”

Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by BCAD. BCAD have the responsibility for appraising property for all taxing units within their respective county. Such appraisal values are subject to review and change by the Brazoria County Appraisal Review Board (the “Appraisal Review Board”). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Property Subject to Taxation by the District

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

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

Freeport Goods and Goods-in-Transit Exemptions : A "Freeport Exemption" applies to goods, wares, 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 that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer 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 that 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.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by BCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use 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 are valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland.

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

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments

to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District. A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The Board of Directors designated the District as a Developing District for purposes of setting the 2022 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by

bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "RISK FACTORS – Tax Collections."

The Effect of FIRREA on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION

Annexation by the City of Iowa Colony

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

If the District is annexed, District will continue as a "limited district" as described below. Annexation of territory 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 annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Strategic Partnership Agreement

The District entered into a strategic partnership agreement, dated January 10, 2022 (the "SPA"), with the City to provide the terms and conditions under which municipal service will be provided and funded by the parties, and under which the District will continue to exist for an extended period of time if the land within the District were to be annexed for full or limited purposes by the City. The terms of the SPA provide that the City may annex the District for limited purposes to collect the City's one percent sales and use taxes, and that the City may annex the District for full purposes 20 years from the date of the SPA, or when the District has constructed and financed 90 percent of its paving, water, wastewater and drainage infrastructure, whichever comes first. Thereafter, the District will continue as a "limited district" for the purpose of servicing its debt, operating its system, and other purposes described in the SPA. The District with thereafter be subject to the City's ad valorem taxation, as well as the ad valorem taxes of the District; provided that the City agrees to consider the impact of the City tax rate on the District's ability to finance its infrastructure debt, and will enter into an agreement to be negotiated at such time that will provide for a payment to the District by the City in consideration thereof.

Consolidation

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

THE BONDS

General

The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of, and interest, on the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Resolution. Capitalized terms in such summary are used as defined in the Bond Resolution. Such summary is not a complete description of the entire Bond Resolution and is qualified in its entirety by reference to the Bond Resolution, a copy of which is available from the District's Bond Counsel upon request.

The Bonds will be dated and will bear interest from April 1, 2023, at the per annum rates shown on the cover page hereof. The Bonds are fully registered, serial bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds is payable October 1, 2023, and each April 1 and October 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 of the principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds, will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

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

Optional Redemption

The Bonds maturing on and after April 1, 2029, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2028, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Source of and Security for Payment

The Bonds are secured by, and payable from, the levy of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees, and Appraisal District fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Brazoria County, the City, or any entity other than the District.

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 tax 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 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 or 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 that 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 that would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Funds

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

Accrued interest on the Bonds and \$693,600 or twelve (12) months of capitalized interest, funded with proceeds of the Bonds, shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction and land acquisition costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolution in accordance with TCEQ rules.

No Arbitrage

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

Paying Agent/Registrar

Pursuant to the Bond Resolution, the initial paying agent and initial registrar with respect to the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, any outstanding bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Resolution to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Bond Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Dallas, Texas. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the period beginning at the opening of business on a Record Date (defined herein) and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within 30 calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the District and the Registrar of security or indemnity as may be required by either of them to keep them harmless. The District will require payment of taxes, governmental charges, and expenses in connection with any such replacement.

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 authorities, 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 authorities, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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.

Issuance of Additional Debt

The District’s voters have authorized the issuance of unlimited tax bonds for various purposes as reflected in the table below:

<u>Amount</u>	<u>Purpose</u>
\$319,206,000	For certain water, sanitary sewer, and storm water facilities and for refunding
\$94,450,000	For certain road facilities and for refunding
\$35,133,000	For certain parks and recreational facilities and for refunding

After the issuance of the Bonds, the District will have \$89,270,000 of unlimited tax road facility bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, \$296,426,000 of unlimited tax water, wastewater and drainage facilities bonds (and for refunding such bonds previously issued) that remains authorized but unissued, and \$35,133,000 of unlimited tax parks and recreational facilities bonds (and for refunding such bonds previously issued) that remains authorized but unissued.

The District has the right to issue additional bonds, as may hereafter be approved by both the Board and the voters of the District. Such additional bonds would be issued on a parity with the Bonds. Any future new money bonds (except road bonds) to be issued by the District must also be approved by the TCEQ. Further, the principal amount of parks and recreational facilities bonds issued by the District may not exceed one percent of the District’s certified taxable assessed valuation, unless effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District.

The District currently has one outstanding bond anticipation note. The District is issuing the Bonds in part to pay the interest and cost of issuance expenses of the outstanding Series 2022A bond anticipation note.

The District 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 could issue bonds payable from taxes for said purpose, 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; (b) amendment of the existing City ordinance specifying the purposes for which the District may issue bonds; (c) approval of the fire plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. The District has no information concerning any determination by the City to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Securities is to be transferred and how the principal of, premium, if any, Maturity Value, and interest on the Securities are to be paid to and credited by DTC while the Securities are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

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

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Securities. The Securities 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 Securities, each in the aggregate principal amount or Maturity Value, as the case may be, 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. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Securities under the DTC system must be made by or through Direct Participants, who will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 Securities 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 securities representing their ownership interests in Securities except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 fewer than all of the Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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 none of the District, the Financial Advisor or the Underwriter takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriter a transcript (the "Transcript") of certain certified proceedings incident to the issuance and authorization of the Bonds. Such Transcript will include the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without limit as to rate or amount, upon all taxable property in the District. The District will also furnish the approving legal opinion of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against all taxable property within the District; 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.

Legal Review

In its capacity as Bond Counsel, Allen Boone Humphries Robinson LLP has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT and CONSOLIDATION," "THE BONDS," "LEGAL MATTERS - Legal Opinions" (to the extent such section relates to the opinion of Bond Counsel) and " – Legal Review," "TAX MATTERS," and "REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS" solely to determine whether such information fairly summarizes the documents and legal matters referred to therein. Bond Counsel has not, however, independently verified any of the other 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 any of the other information contained herein. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind, with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with 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.

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

No-Litigation Certificate

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that there is not pending, and to the knowledge of the District, there is not threatened any litigation affecting the validity of the Bonds, the levy and/or collection of taxes for the payment thereof, the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

The obligations of the 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 condition (financial or otherwise) of the District from that set forth or contemplated in the Official Statement.

TAX MATTERS

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

In the event of the redemption, sale, or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the

discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

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

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

The federal income tax consequences of the purchase, ownership, and redemption, sale, or other disposition of Original Issue Discount Bonds that 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.

NOT Qualified Tax-Exempt Obligations

The Bonds are NOT "qualified tax-exempt obligations" for financial institutions.

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 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.

OFFICIAL STATEMENT

Sources of Information

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

Financial Advisor

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

Consultants

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

Engineer - The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled "THE SYSTEM," "USE OF BOND PROCEEDS," and certain engineering matters included in "THE DISTRICT – Description," and "THE DISTRICT - Status of Land Development/Land Uses in the District" has been provided by Elevation Land Solutions and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector - The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned "DISTRICT TAX DATA," has been provided by BCAD and by Assessments of the Southwest, Inc., in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor - The financial statements of the District as of February 28, 2022, and for the year then ended, included in this offering document, have been audited by FORVIS, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's February 28, 2022 audited financial statements.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District's audited financial statements are required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

Certification as to Official Statement

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

Updating of Official Statement

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, in the other matters described in the Official Statement, until the delivery of the Bonds. All information with respect to the resale of the Bonds shall be the responsibility of the Underwriters.

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 statement in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated is intended as such and not a representation of fact and no representation is made that any such statement will be realized.

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 53 as of the date shown on the cover page.

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2022

Brazoria County Municipal Utility District No. 53

Brazoria County, Texas

Independent Auditor's Report and Financial Statements

February 28, 2022

Brazoria County Municipal Utility District No. 53
February 28, 2022

Contents

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Statement of Net Position and Governmental Fund Balance Sheet	11
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance	13
Notes to Financial Statements.....	14
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	29
Notes to Required Supplementary Information	30
Supplementary Information (Not Subjected to Audit Procedures)	
Other Schedules Included Within This Report	31
Schedule of Services and Rates	32
Schedule of General Fund Expenditures.....	33
Schedule of Temporary Investments.....	34
Analysis of Taxes Levied and Receivable	35
Schedule of Long-term Debt Service Requirements by Years	37
Changes in Long-term Bonded Debt	38
Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund	39
Board Members, Key Personnel and Consultants.....	41



2700 Post Oak Boulevard, Suite 1500 / Houston, TX 77056

P 713.499.4600 / F 713.499.4699

forvis.com

Independent Auditor's Report

Board of Directors
Brazoria County Municipal Utility District No. 53
Brazoria County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 53 (the District), as of and for the year ended February 28, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of February 28, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance

and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information (Not Subjected to Audit Procedures)

Our audit was performed for the purpose of forming opinions on the basic financial statements as a whole. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS, LLP

Houston, Texas
July 8, 2022

Brazoria County Municipal Utility District No. 53

Management's Discussion and Analysis

February 28, 2022

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

Brazoria County Municipal Utility District No. 53
Management's Discussion and Analysis (Continued)
February 28, 2022

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Brazoria County Municipal Utility District No. 53
Management's Discussion and Analysis (Continued)
February 28, 2022

Financial Analysis of the District as a Whole

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

Summary of Net Position

	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 2,139,763	\$ 922,646
Capital assets	<u>28,628,116</u>	<u>11,587,316</u>
Total assets	<u>\$ 30,767,879</u>	<u>\$ 12,509,962</u>
Long-term liabilities	\$ 31,028,800	\$ 12,184,908
Other liabilities	<u>790,090</u>	<u>557,069</u>
Total liabilities	<u>31,818,890</u>	<u>12,741,977</u>
Net position:		
Net investment in capital assets	(1,950,937)	(597,592)
Unrestricted	<u>899,926</u>	<u>365,577</u>
Total net position	<u>\$ (1,051,011)</u>	<u>\$ (232,015)</u>

The total net position of the District decreased by \$818,996, or about 353 percent. The majority of the decrease in net position is related to depreciation expense on the District's capital assets as well as debt service expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	<u>2022</u>	<u>2021</u>
Revenues:		
Property taxes	\$ 376,029	\$ 111,975
Charges for services	159,282	12,335
Other revenues	<u>1,551,868</u>	<u>505,954</u>
Total revenues	<u>2,087,179</u>	<u>630,264</u>

Brazoria County Municipal Utility District No. 53
Management's Discussion and Analysis (Continued)
February 28, 2022

Summary of Changes in Net Position (Continued)

	2022	2021
Expenses:		
Services	\$ 1,655,916	\$ 392,740
Depreciation	797,794	283,893
Debt service	452,465	15,161
Total expenses	2,906,175	691,794
Change in net position	(818,996)	(61,530)
Net position, beginning of year	(232,015)	(170,485)
Net position, end of year	\$ (1,051,011)	\$ (232,015)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended February 28, 2022, were \$1,498,211, an increase of \$986,146 from the prior year.

The general fund's fund balance increased by \$536,382, primarily due to property taxes revenue and service revenue and tap connection and inspection fees revenue exceeding service operations and tap connections expenditures.

The debt service fund's fund balance increased by \$132,617 primarily due to bond proceeds received from the sale of Series 2021 bonds.

The capital projects fund's fund balance increased by \$317,147. This net increase was primarily due to proceeds received from the sale of bonds and bond anticipation notes. From the proceeds of the debt, the District repaid its developers for facilities located within the District's boundaries.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes revenues, tap connection and inspection fees revenues and related expenditures and repairs and maintenance expenditures being greater than anticipated, as well as lease payments and capital outlay expenditures being less than anticipated. The fund balance as of February 28, 2022, was expected to be \$67,623 and the actual end-of-year fund balance was \$1,048,447.

Brazoria County Municipal Utility District No. 53
Management's Discussion and Analysis (Continued)
February 28, 2022

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2022	2021
Land and land improvements	\$ 1,296,209	\$ 272,637
Construction in progress	-	1,099,701
Water facilities	3,991,559	983,444
Wastewater facilities	7,459,284	1,715,401
Drainage facilities	11,091,902	5,786,125
Road and paving facilities	4,789,162	1,730,008
Total capital assets	\$ 28,628,116	\$ 11,587,316

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

Land additions including, 1.1093-acre water plant site, 3.6923-acre wastewater treatment plant site, 0.3045-acre lift station site, 9.1830-acre detention (Section 1, Reserves A/E), 7.4180-acre detention site (future Section 5), 8.510-acre site to serve Crystal View Drive, Phase 2, 4.959-acre site to serve Ames Boulevard, Phase 1 and 4.579-acre site to serve Crystal View Drive, Phase 3	\$ 1,023,572
Water plant No.1 Phase 1	943,257
Wastewater treatment plant, Phase 1, onsite lift station and offsite lift station	3,457,923
Water, wastewater, drainage, and road and paving facilities to serve Crystal View Drive, Phase 3, and Sierra Vista West, Section 6	4,131,246
Water, wastewater and drainage facilities to serve Sierra Vista West, Sections 4, 5 and 7	6,399,957
Drainage facilities to serve Sierra Vista West Detention, Phase 1	108,658
Drainage and road and paving facilities to serve Meridiana Parkway, Phase VI	1,773,981
Total additions to capital assets	\$ 17,838,594

Developers within the District have paid capital recovery fees and constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse capital recovery fees and purchase constructed facilities from the proceeds of future bond issues subject to the approval of the Commission, as required. At February 28, 2022, a liability for capital recovery fees received and developer-constructed capital assets of \$19,716,381 is recorded in the government-wide financial statements.

Brazoria County Municipal Utility District No. 53
Management's Discussion and Analysis (Continued)
February 28, 2022

Debt

The changes in the debt position of the District during the fiscal year ended February 28, 2022, are summarized as follows:

Long-term debt payable, beginning of year	\$ 12,184,908
Increases in long-term debt	27,548,984
Decreases in long-term debt	<u>(8,705,092)</u>
Long-term debt payable, end of year	<u>\$ 31,028,800</u>

At February 28, 2022, the District had \$313,766,000 of unlimited tax bonds authorized, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and for refunding such bonds; \$35,133,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing and improving recreational facilities and for refunding such bonds; and \$94,450,000 of unlimited tax bonds authorized, but unissued, for the purpose of purchasing, constructing and maintaining roads and for refunding such bonds.

The Series 2021 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issue by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Iowa Colony

Under existing Texas law, since the District lies partially within the corporate boundaries and partially within the extraterritorial jurisdiction of the City of Iowa Colony (the City), the District must conform to the City ordinance consenting to the inclusion of land within the District.

Strategic Partnership Agreement

Effective January 10, 2022, the District entered into a Strategic Partnership Agreement (the Agreement) with the City whereby the City may annex any commercial portion of the District from time to time for the purpose of levy and collection of the City's sales and use taxes. The District would continue to exercise all the powers of a municipal utility district in the area of limited purpose annexation as provided by law. The City will keep all of the sales and use taxes collected under the Agreement. As of this date, no area has been so annexed. In addition, the Agreement provides for the provision of fire, police, garbage and building regulation within the District. The City agrees that it will not annex the District for full purposes until one of the following conditions has been satisfied: (i) 90 percent of the developable acreage in the District has been developed with water, sanitary sewer, drainage and paving, and the developer has been reimbursed to the maximum extent permitted by the rules of the Commission, or the City assumes any obligation for such reimbursement of the District under such rules, or (ii) 20 years from the date of the Agreement, whichever comes first.

Brazoria County Municipal Utility District No. 53
Management's Discussion and Analysis (Continued)
February 28, 2022

Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales to the extent approved by the Commission, as required. The District's engineer has stated that current construction contract amounts are approximately \$8,451,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Brazoria County Municipal Utility District No. 53
Statement of Net Position and Governmental Funds Balance Sheet
February 28, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 830,878	\$ -	\$ -	\$ 830,878	\$ -	\$ 830,878
Short-term investments	680,465	145,828	342,894	1,169,187	-	1,169,187
Receivables:						
Property taxes	84,442	-	-	84,442	-	84,442
Service accounts	29,724	-	-	29,724	-	29,724
Accrued penalty and interest	-	-	-	-	12,666	12,666
Interfund receivables	25,747	-	-	25,747	(25,747)	-
Prepaid expenditures	12,866	-	-	12,866	-	12,866
Capital assets (net of accumulated depreciation):						
Land and land improvements	-	-	-	-	1,296,209	1,296,209
Infrastructure	-	-	-	-	22,542,745	22,542,745
Paving facilities	-	-	-	-	4,789,162	4,789,162
Total assets	<u>\$ 1,664,122</u>	<u>\$ 145,828</u>	<u>\$ 342,894</u>	<u>\$ 2,152,844</u>	<u>\$ 28,615,035</u>	<u>\$ 30,767,879</u>

Brazoria County Municipal Utility District No. 53
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
February 28, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	\$ 142,781	\$ -	\$ -	\$ 142,781	\$ 150,003	\$ 292,784
Accrued interest payable	-	13,211	-	13,211	89,155	102,366
Customer deposits	45,300	-	-	45,300	-	45,300
Unearned tap connection fees	349,640	-	-	349,640	-	349,640
Interfund payables	-	-	25,747	25,747	(25,747)	-
Long-term liabilities:						
Due within one year	-	-	-	-	212,181	212,181
Due after one year	-	-	-	-	30,816,619	30,816,619
Total liabilities	<u>537,721</u>	<u>13,211</u>	<u>25,747</u>	<u>576,679</u>	<u>31,242,211</u>	<u>31,818,890</u>
Deferred Inflows of Resources						
Deferred property tax revenues	<u>77,954</u>	<u>0</u>	<u>0</u>	<u>77,954</u>	<u>(77,954)</u>	<u>0</u>
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	12,866	-	-	12,866	(12,866)	-
Restricted:						
Unlimited taxbonds	-	132,617	-	132,617	(132,617)	-
Water, sewer and drainage	-	-	317,147	317,147	(317,147)	-
Unassigned fund balances	<u>1,035,581</u>	<u>-</u>	<u>-</u>	<u>1,035,581</u>	<u>(1,035,581)</u>	<u>-</u>
Total fund balances	<u>1,048,447</u>	<u>132,617</u>	<u>317,147</u>	<u>1,498,211</u>	<u>(1,498,211)</u>	<u>0</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,664,122</u>	<u>\$ 145,828</u>	<u>\$ 342,894</u>	<u>\$ 2,152,844</u>		
Net position:						
Net investment in capital assets					(1,950,937)	(1,950,937)
Unrestricted					<u>899,926</u>	<u>899,926</u>
Total net position					<u>\$ (1,051,011)</u>	<u>\$ (1,051,011)</u>

Brazoria County Municipal Utility District No. 53
Statement of Activities and Governmental Funds Revenues,
Expenditures and Changes in Fund Balances
Year Ended February 28, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 298,649	\$ -	\$ -	\$ 298,649	\$ 77,380	\$ 376,029
Water service	76,828	-	-	76,828	-	76,828
Sewer service	82,454	-	-	82,454	-	82,454
Penalty and interest	6,102	-	-	6,102	9,725	15,827
Tap connection and inspection fees	1,525,138	-	-	1,525,138	-	1,525,138
Investment income	292	17	45	354	-	354
Other income	10,549	-	-	10,549	-	10,549
Total revenues	2,000,012	17	45	2,000,074	87,105	2,087,179
Expenditures/Expenses						
Service operations:						
Professional fees	142,585	-	-	142,585	241,063	383,648
Contracted services	140,509	-	-	140,509	151,504	292,013
Utilities	23,576	-	-	23,576	-	23,576
Repairs and maintenance	372,360	-	-	372,360	10,785	383,145
Other expenditures	115,081	-	108	115,189	-	115,189
Tap connections	326,807	-	-	326,807	-	326,807
Capital outlay	94,793	-	7,596,100	7,690,893	(7,690,893)	-
Depreciation	-	-	-	-	797,794	797,794
Lease payments	247,919	-	-	247,919	(116,381)	131,538
Debt service:						
Principal retirement	-	-	3,815,000	3,815,000	(3,815,000)	-
Interest	-	-	40,096	40,096	124,475	164,571
Debt issuance costs	-	-	287,894	287,894	-	287,894
Total expenditures/expenses	1,463,630	0	11,739,198	13,202,828	(10,296,653)	2,906,175
Excess (Deficiency) of Revenues Over Expenditures	536,382	17	(11,739,153)	(11,202,754)	10,383,758	
Other Financing Sources (Uses)						
Repayment of developer advances	-	-	(107,900)	(107,900)	107,900	
General obligation bonds issued	-	132,600	5,307,400	5,440,000	(5,440,000)	
Discount on debt issued	-	-	(163,200)	(163,200)	163,200	
Bond anticipation note issued	-	-	7,020,000	7,020,000	(7,020,000)	
Total other financing sources	0	132,600	12,056,300	12,188,900	(12,188,900)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	536,382	132,617	317,147	986,146	(986,146)	
Change in Net Position					(818,996)	(818,996)
Fund Balances/Net Position						
Beginning of year	512,065	-	-	512,065	-	(232,015)
End of year	\$ 1,048,447	\$ 132,617	\$ 317,147	\$ 1,498,211	\$ 0	\$ (1,051,011)

Brazoria County Municipal Utility District No. 53

Notes to Financial Statements

February 28, 2022

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

Brazoria County Municipal Utility District No. 53 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective January 30, 2019, in accordance with Article XVI, Section 59, of the Texas Constitution and the Texas Water Code. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate water, sewer and drainage facilities and to provide such facilities to the landowners of the District.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

Brazoria County Municipal Utility District No. 53

Notes to Financial Statements

February 28, 2022

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Brazoria County Municipal Utility District No. 53

Notes to Financial Statements

February 28, 2022

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Brazoria County Municipal Utility District No. 53

Notes to Financial Statements

February 28, 2022

Interfund Transactions

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

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended February 28, 2022, include collections during the current period or within 60 days of year-end related to the 2021 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended February 28, 2022, the 2021 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Recreational facilities	15-30
Road and paving facilities	10-40

Debt Issuance Costs

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

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

Long-term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 28,628,116
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	77,954
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	12,666
Accounts payable are not payable with current financial resources and are not reported in the funds.	(150,003)
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(89,155)

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>\$ (31,028,800)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (2,549,222)</u></u>

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

Change in fund balances.	\$ 986,146
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded noncapitalized costs and depreciation expense in the current year.	6,489,747
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.	107,900
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	163,200
Governmental funds report proceeds from the sale of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(8,645,000)
Governmental funds report lease payments as expenditures as amounts are paid. However, for government-wide financial statements, the principal payment is recorded as a decrease in long-term liabilities.	116,381
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.	87,105
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(124,475)</u>
Change in net position of governmental activities.	<u><u>\$ (818,996)</u></u>

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At February 28, 2022, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

At February 28, 2022, the District had the following investments and maturities:

Type	Maturities in Years				
	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	\$ 1,169,187	\$ 1,169,187	\$ 0	\$ 0	\$ 0

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At February 28, 2022, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position captions at February 28, 2022, as follows:

Carrying value:		
Deposits	\$	830,878
Investments		1,169,187
Total	\$	2,000,065

Investment Income

Investment income of \$354 for the year ended February 28, 2022, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended February 28, 2022, is presented below.

Governmental Activities	Balances, Beginning of Year	Additions	Reclassifi- cations	Balances, End of Year
Capital assets, non-depreciable:				
Land and land improvements	\$ 272,637	\$ 1,023,572	\$ -	\$ 1,296,209
Construction in progress	1,099,701	-	(1,099,701)	-
Total capital assets, non-depreciable	1,372,338	1,023,572	(1,099,701)	1,296,209

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Reclassifi- cations	Balances, End of Year
Capital assets, depreciable:				
Water production and distribution facilities	\$ 1,005,795	\$ 2,217,507	\$ 906,000	\$ 4,129,302
Wastewater collection and treatment facilities	1,754,387	5,720,597	193,701	7,668,685
Drainage facilities	5,917,628	5,560,911	-	11,478,539
Road and paving facilities	1,821,061	3,316,007	-	5,137,068
Total capital assets, depreciable	<u>10,498,871</u>	<u>16,815,022</u>	<u>1,099,701</u>	<u>28,413,594</u>
Less accumulated depreciation:				
Water production and distribution facilities	(22,351)	(115,392)	-	(137,743)
Wastewater collection and treatment facilities	(38,986)	(170,415)	-	(209,401)
Drainage facilities	(131,503)	(255,134)	-	(386,637)
Road and paving facilities	(91,053)	(256,853)	-	(347,906)
Total accumulated depreciation	<u>(283,893)</u>	<u>(797,794)</u>	<u>0</u>	<u>(1,081,687)</u>
Total governmental activities, net	<u>\$ 11,587,316</u>	<u>\$ 17,040,800</u>	<u>\$ 0</u>	<u>\$ 28,628,116</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended February 28, 2022, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	\$ -	\$ 5,440,000	\$ -	\$ 5,440,000	\$ -
Less discounts on bonds	-	163,200	-	163,200	-
	-	5,276,800	-	5,276,800	-
Bond anticipation notes	-	7,020,000	3,815,000	3,205,000	-
Capital lease payable	-	2,947,000	116,381	2,830,619	212,181
Due to developers	12,077,008	12,305,184	4,665,811	19,716,381	-
Developer advances	107,900	-	107,900	-	-
Total governmental activities long-term liabilities	<u>\$ 12,184,908</u>	<u>\$ 27,548,984</u>	<u>\$ 8,705,092</u>	<u>\$ 31,028,800</u>	<u>\$ 212,181</u>

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

General Obligation Bonds

	Series 2021
Amount outstanding, February 28, 2022	\$5,440,000
Interest rates	2.375% to 4.750%
Maturity dates, serially beginning/ending	April 1, 2025/2050
Interest payment dates	April 1/ October 1
Callable date*	April 1, 2027

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at February 28, 2022.

Year	Principal	Interest	Total
2023	\$ -	\$ 150,333	\$ 150,333
2024	-	164,000	164,000
2025	-	164,000	164,000
2026	125,000	161,031	286,031
2027	125,000	155,094	280,094
2028-2032	750,000	691,905	1,441,905
2033-2037	900,000	568,063	1,468,063
2038-2042	1,100,000	420,312	1,520,312
2043-2047	1,300,000	238,813	1,538,813
2048-2051	1,140,000	57,438	1,197,438
Total	\$ 5,440,000	\$ 2,770,989	\$ 8,210,989

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

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

Bonds voted:	
Water, sewer and drainage facilities and refunding	\$ 319,206,000
Recreational facilities and refunding	35,133,000
Road and paving facilities and refunding	94,450,000
Bonds sold:	
Water, sewer and drainage facilities	\$ 5,440,000

Capital Leases

The District entered into an equipment lease agreement with General Plant Finance, LLC, on March 20, 2020. The equipment includes the wastewater treatment plant, Phase I, onsite lift station and offsite lift station (leased facilities). The agreement is for a term of 120 months commencing on the first day of the month following the substantial completion of the construction, installation and startup of the leased facilities. A down payment of 10 percent or \$294,700 is due with 50 percent payable upon execution of the agreement and 50 percent payable upon mobilization of personnel and equipment of the Lessor's designated contractor. Payments of \$35,417 are due each month. The District has the option to purchase the leased facilities at any time after the 60th month of the agreement at the lease buyout purchase price per the agreement schedule. Upon payment of either the final monthly lease payment or the buyout purchase price, the title to the leased facilities will be conveyed to the District. The assets under this capital lease at February 28, 2022, totaled \$3,651,624, net of accumulated depreciation of \$81,147. The following is a schedule by year of future minimum lease payments under the capital lease including interest at a rate of approximately 7.78 percent together with the present value of the future minimum lease payments as of February 28, 2022.

<u>Year Ending February 28,</u>	<u>Amounts</u>
2023	\$ 425,005
2024	425,005
2025	425,005
2026	425,005
2027	425,005
2028 and thereafter	<u>1,877,112</u>
Total minimum lease payments	4,002,137
Less amount representing interest	<u>(1,171,518)</u>
Present value of future minimum lease payments	<u>\$ 2,830,619</u>

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

Due to Developers

Developers of the District have paid capital recovery fees and constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse capital recovery fees and is maintaining and operating the constructed facilities and has agreed to reimburse the developers for these costs and interest to the extent approved by the Commission, as required, from the proceeds of future bond sales. At February 28, 2022, capital recovery fees received and the District's engineer's estimate of reimbursable costs for completed projects are \$19,716,381. These amounts have been recorded in the financial statements as long-term liabilities.

Bond Anticipation Notes

On April 16, 2021, the District issued its Series 2021 Bond Anticipation Note in the amount of \$3,815,000. The note is dated April 16, 2021, bears interest at the rate of 1.65 percent and matures April 16, 2022, unless called for early redemption. During the current year, the note was redeemed with proceeds from the Series 2021 bonds.

On July 22, 2021, the District issued its Series 2021A Road Bond Anticipation Note in the amount of \$3,205,000. The note is dated July 22, 2021, bears interest at the rate of 2.50 percent and matures July 22, 2022, unless called for early redemption. The note is a special limited obligation of the District and is payable solely from proceeds from the sale of bonds and, therefore, has been excluded from the current portion of long-term liabilities.

Note 5: Significant Bond Order and Commission Requirements

- A. The Bond Resolution requires that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on the bonds when due. During the year ended February 28, 2022, the District did not levy an ad valorem debt service tax rate. The interest requirements to be paid from available debt service resources are \$150,333.
- B. In accordance with the Series 2021 Bond Resolution, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year	\$ -
Additions--Interest appropriated from bond proceeds - Series 2021	<u>132,600</u>
 Bond interest reserve, end of year	 <u>\$ 132,600</u>

Brazoria County Municipal Utility District No. 53
Notes to Financial Statements
February 28, 2022

Note 6: Maintenance Taxes

At an election held May 4, 2019, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended February 28, 2022, the District levied an ad valorem maintenance tax at the rate of \$1.3500 per \$100 of assessed valuation, which resulted in a tax levy of \$356,996 on the taxable valuation of \$26,444,145 for the 2021 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 4, 2019, voters authorized a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended February 28, 2022, the District did not levy an ad valorem road maintenance tax for the 2021 tax year. The road maintenance tax will be used by the general fund to pay expenditures for maintenance of certain roads within the District.

Note 7: Drainage Channel Improvement Agreement

The District and Brazoria County Drainage District No. 5 (the Drainage District) entered into a Drainage Channel Improvement Agreement (the Agreement) on August 19, 2019, for the financing of improvements to a portion of the Drainage District's drainage facility known as North Hayes Creek to facilitate development of land within the District. The District will pay the entire costs of design and construction of the improvements up to a maximum of \$125,000. Upon completion of the improvements, the Drainage District shall be responsible for continued maintenance and operation of the facility.

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts since the District's inception.

Note 9: Economic Dependency

The District's developers own the majority of the taxable property in the District. The District's ability to meet its obligations is dependent on the developers' ability to pay property taxes.

Brazoria County Municipal Utility District No. 53

Notes to Financial Statements

February 28, 2022

Note 10: Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales to the extent approved by the Commission, as required. The District's engineer has stated that current construction contract amounts are approximately \$8,451,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 11: Strategic Partnership Agreement

Effective January 10, 2022, the District entered into a Strategic Partnership Agreement (the Agreement) with the City of Iowa Colony (the City) whereby the City may annex any commercial portion of the District from time to time for the purpose of levy and collection of the City's sales and use taxes. The District would continue to exercise all the powers of a municipal utility district in the area of limited purpose annexation as provided by law. The City will keep all of the sales and use taxes collected under the Agreement. As of this date, no area has been so annexed. In addition, the Agreement provides for the provision of fire, police, garbage and building regulation within the District. The City agrees that it will not annex the District for full purposes until one of the following conditions has been satisfied: (i) 90 percent of the developable acreage in the District has been developed with water, sanitary sewer, drainage and paving, and the developer has been reimbursed to the maximum extent permitted by the rules of the Commission, or the City assumes any obligation for such reimbursement of the District under such rules, or (ii) 20 years from the date of the Agreement, whichever comes first.

Required Supplementary Information

Brazoria County Municipal Utility District No. 53
Budgetary Comparison Schedule – General Fund
Year Ended February 28, 2022

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 106,376	\$ 298,649	\$ 192,273
Water service	44,888	76,828	31,940
Sewer service	81,844	82,454	610
Penalty and interest	1,200	6,102	4,902
Tap connection and inspection fees	1,009,140	1,525,138	515,998
Investment income	540	292	(248)
Other income	-	10,549	10,549
	<u>1,243,988</u>	<u>2,000,012</u>	<u>756,024</u>
Expenditures			
Service operations:			
Professional fees	144,500	142,585	1,915
Contracted services	47,181	140,509	(93,328)
Utilities	-	23,576	(23,576)
Repairs and maintenance	12,000	372,360	(360,360)
Other expenditures	74,239	115,081	(40,842)
Tap connections	221,544	326,807	(105,263)
Capital outlay	799,379	94,793	704,586
Lease payments	389,587	247,919	141,668
	<u>1,688,430</u>	<u>1,463,630</u>	<u>224,800</u>
Excess (Deficiency) of Revenues Over Expenditures	(444,442)	536,382	980,824
Fund Balance, Beginning of Year	<u>512,065</u>	<u>512,065</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 67,623</u>	<u>\$ 1,048,447</u>	<u>\$ 980,824</u>

Brazoria County Municipal Utility District No. 53
Notes to Required Supplementary Information
February 28, 2022

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2022.

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

**Supplementary Information
(Not Subjected to Audit Procedures)**

Brazoria County Municipal Utility District No. 53
Other Schedules Included Within This Report
February 28, 2022

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

- [X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-28
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedule of Long-term Debt Service Requirements by Years
- [X] Changes in Long-term Bonded Debt
- [X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund
- [X] Board Members, Key Personnel and Consultants

Brazoria County Municipal Utility District No. 53

Schedule of Services and Rates

Year Ended February 28, 2022

1. Services provided by the District:

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 17.25	5,000	N	\$ 2.70	5,001 to 10,000
				\$ 3.00	10,001 to 20,000
				\$ 3.15	20,001 to 50,000
				\$ 3.30	50,001 to 75,000
				\$ 3.60	75,001 to No Limit
Wastewater:	\$ 35.04	5,000	N	\$ 2.25	5,001 to No Limit
Regional water fee:	\$ 0	0	N		

Does the District employ winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage (including fees): Water \$ 30.75 Wastewater \$ 46.29

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	358	353	x1.0	353
1"	150	150	x2.5	375
1 1/2"	-	-	x5.0	-
2"	7	7	x8.0	56
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	515	510		784
Total wastewater	507	502	x1.0	502

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

Gallons pumped into the system:	18,523
Gallons billed to customers:	16,028
Water accountability ratio (gallons billed/gallons pumped):	86.53%

*"ESFC" means equivalent single-family connections

Brazoria County Municipal Utility District No. 53
Schedule of General Fund Expenditures
Year Ended February 28, 2022

Personnel (including benefits)		\$ -
Professional Fees		
Auditing	\$ 12,100	
Legal	110,217	
Engineering	19,518	
Financial advisor	750	
		142,585
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		-
Contracted Services		
Bookkeeping	24,135	
General manager	-	
Appraisal district	1,682	
Tax collector	8,236	
Security	-	
Other contracted services	78,904	
		112,957
Utilities		23,576
Repairs and Maintenance		372,360
Administrative Expenditures		
Directors' fees	10,200	
Office supplies	14,662	
Insurance	20,362	
Other administrative expenditures	69,857	
		115,081
Capital Outlay		
Capitalized assets	81,008	
Expenditures not capitalized	13,785	
		94,793
Tap Connection Expenditures		326,807
Solid Waste Disposal		27,552
Lease Payments		247,919
Parks and Recreation		-
Other Expenditures		-
Total expenditures		\$ 1,463,630

Brazoria County Municipal Utility District No. 53
Schedule of Temporary Investments
February 28, 2022

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	0.08%	Demand	\$ 680,465	\$ -
Debt Service Fund				
TexPool	0.08%	Demand	145,828	-
Capital Projects Fund				
TexPool	0.08%	Demand	<u>342,894</u>	<u>-</u>
Totals			<u>\$ 1,169,187</u>	<u>\$ 0</u>

Brazoria County Municipal Utility District No. 53
Analysis of Taxes Levied and Receivable
Year Ended February 28, 2022

	Maintenance Taxes
Receivable, Beginning of Year	\$ 19,606
2021 Original Tax Levy	346,371
Additions and corrections	10,625
Adjusted tax levy	356,996
Total to be accounted for	376,602
Tax collections: Current year	(272,554)
Prior years	(19,606)
Receivable, end of year	\$ 84,442
 Receivable, by Year	
2021	\$ 84,442

Brazoria County Municipal Utility District No. 53
Analysis of Taxes Levied and Receivable (Continued)
Year Ended February 28, 2022

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Property Valuations			
Land	\$ 18,655,750	\$ 8,325,290	\$ 1,714,230
Improvements	8,069,750	-	-
Personal property	10,480	-	-
Exemptions	<u>(291,835)</u>	<u>(30,834)</u>	<u>(968,290)</u>
Total property valuations	<u>\$ 26,444,145</u>	<u>\$ 8,294,456</u>	<u>\$ 745,940</u>
 Tax Rates per \$100 Valuation			
Maintenance tax rates*	<u>\$ 1.3500</u>	<u>\$ 1.3500</u>	<u>\$ 1.3500</u>
 Tax Levy	<u>\$ 356,996</u>	<u>\$ 111,975</u>	<u>\$ 10,070</u>
 Percent of Taxes Collected to Taxes Levied**	<u>76%</u>	<u>100%</u>	<u>100%</u>

*Maximum tax rate approved by voters: \$1.50 on May 4, 2019

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

Brazoria County Municipal Utility District No. 53
Schedule of Long-term Debt Service Requirements by Years
February 28, 2022

Due During Fiscal Years Ending February 28	Series 2021		
	Principal Due April 1	Interest Due April 1, October 1	Total
2023	\$ -	\$ 150,333	\$ 150,333
2024	-	164,000	164,000
2025	-	164,000	164,000
2026	125,000	161,031	286,031
2027	125,000	155,094	280,094
2028	150,000	148,562	298,562
2029	150,000	142,656	292,656
2030	150,000	138,062	288,062
2031	150,000	133,563	283,563
2032	150,000	129,062	279,062
2033	175,000	124,188	299,188
2034	175,000	118,937	293,937
2035	175,000	113,688	288,688
2036	175,000	108,437	283,437
2037	200,000	102,813	302,813
2038	200,000	96,812	296,812
2039	200,000	90,813	290,813
2040	225,000	84,437	309,437
2041	225,000	77,688	302,688
2042	250,000	70,562	320,562
2043	250,000	63,063	313,063
2044	250,000	55,562	305,562
2045	250,000	48,063	298,063
2046	275,000	40,187	315,187
2047	275,000	31,938	306,938
2048	275,000	24,547	299,547
2049	275,000	18,016	293,016
2050	290,000	11,125	301,125
2051	300,000	3,750	303,750
Totals	\$ 5,440,000	\$ 2,770,989	\$ 8,210,989

Brazoria County Municipal Utility District No. 53
Changes in Long-term Bonded Debt
Year Ended February 28, 2022

	Bond Issue
	Series 2021
Interest rates	2.375% to 4.750%
Dates interest payable	April 1/ October 1
Maturity dates	April 1, 2025/2050
Bonds outstanding, beginning of current year	\$ -
Bonds sold during current year	5,440,000
Retirements, principal	-
Bonds outstanding, end of current year	\$ 5,440,000
Interest paid during current year	\$ 0
Paying agent's name and address:	

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

	Tax and Refunding Bonds	Recreational and Refunding Bonds	Road and Refunding Bonds
Bond authority:			
Amount authorized by voters	\$ 319,206,000	\$ 35,133,000	\$ 94,450,000
Amount of authorization issued	\$ 5,440,000	\$ -	\$ -
Remaining authorization to be issued	\$ 313,766,000	\$ 35,133,000	\$ 94,450,000
Debt service fund cash and temporary investment balances as of February 28, 2022:			\$ 145,828
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 283,138

Brazoria County Municipal Utility District No. 53
Comparative Schedule of Revenues and Expenditures – General Fund
Two Years Ended February 28, 2022 and 2021 and Year Ended February 29, 2020

	Amounts		
	2022	2021	2020
General Fund			
Revenues			
Property taxes	\$ 298,649	\$ 113,226	\$ 8,245
Water service	76,828	5,414	100
Sewer service	82,454	6,921	-
Penalty and interest	6,102	416	-
Tap connection and inspection fees	1,525,138	501,483	22,650
Investment income	292	534	23
Other income	10,549	580	-
Total revenues	<u>2,000,012</u>	<u>628,574</u>	<u>31,018</u>
Expenditures			
Service operations:			
Professional fees	142,585	136,566	31,848
Contracted services	140,509	32,748	9,870
Utilities	23,576	3,750	-
Repairs and maintenance	372,360	76,920	202
Other expenditures	115,081	39,736	19,562
Tap connections	326,807	84,788	3,500
Capital outlay	94,793	1,099,701	6,575
Lease payments	247,919	-	-
Debt service, debt issuance costs	-	15,161	-
Total expenditures	<u>1,463,630</u>	<u>1,489,370</u>	<u>71,557</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>536,382</u>	<u>(860,796)</u>	<u>(40,539)</u>
Other Financing Sources			
Developer advances received	-	29,500	78,400
Capital recovery fees	-	1,070,300	235,200
Total other financing sources	<u>0</u>	<u>1,099,800</u>	<u>313,600</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	536,382	239,004	273,061
Fund Balance, Beginning of Year	<u>512,065</u>	<u>273,061</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,048,447</u>	<u>\$ 512,065</u>	<u>\$ 273,061</u>
Total Active Retail Water Connections	<u>510</u>	<u>129</u>	<u>6</u>
Total Active Retail Wastewater Connections	<u>502</u>	<u>128</u>	<u>5</u>

Percent of Fund Total Revenues

2022	2021	2020
14.9 %	18.0 %	26.6 %
3.9	0.8	0.3
4.1	1.1	-
0.3	0.1	-
76.3	79.8	73.0
0.0	0.1	0.1
0.5	0.1	-
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
7.1	21.7	102.7
7.0	5.2	31.8
1.2	0.6	-
18.6	12.2	0.6
5.8	6.3	63.1
16.3	13.5	11.3
4.8	175.0	21.2
12.4	-	-
-	2.4	-
<u>73.2</u>	<u>236.9</u>	<u>230.7</u>
<u>26.8 %</u>	<u>(136.9) %</u>	<u>(130.7) %</u>

Brazoria County Municipal Utility District No. 53
Schedule of Revenues and Expenditures – Debt Service Fund
Year Ended February 28, 2022

	Amounts	Percent of Fund Total Revenues
Debt Service Fund		
Revenues		
Investment income	\$ 17	100.0 %
Expenditures		
Current:		
Professional fees	-	-
Contracted services	-	-
Other expenditures	-	-
Total expenditures	0	0.0
Excess of Revenues Over Expenditures	17	100.0 %
Other Financing Sources		
General obligation bonds issued	132,600	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	132,617	
Fund Balance, Beginning of Year	-	
Fund Balance, End of Year	\$ 132,617	

Brazoria County Municipal Utility District No. 53
Board Members, Key Personnel and Consultants
Year Ended February 28, 2022

Complete District mailing address:	Brazoria County Municipal Utility District No. 53 Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	January 8, 2021
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Robert Serrett	Elected 05/20- 05/24	\$ 2,700	\$ 360	President
Richard Boehck	Elected 05/19- 05/22	2,100	195	Vice President
Debbie Wang Romero	Elected 05/20- 05/24	2,700	164	Secretary
Andrew Bowman	Elected 05/19- 05/22	1,650	175	Assistant Vice President
Donna Jones	Elected 05/19- 05/22	1,050	79	Assistant Secretary

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

Brazoria County Municipal Utility District No. 53
Board Members, Key Personnel and Consultants (Continued)
Year Ended February 28, 2022

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	02/07/19	\$ 187,624 154,477	General Counsel Bond Counsel
Assessments of the Southwest, Inc.	07/12/19	8,236	Tax Assessor/ Collector
BKD, LLP	06/12/20	44,800	Auditor
Brazoria County Appraisal District	Legislative Action	1,682	Appraiser
Elevation Land Solutions	05/07/19	67,283	Engineer
The GMS Group, L.L.C.	07/12/19	180,285	Financial Advisor
McLennan & Associates, LP	05/07/19	38,209	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/10/20	0	Delinquent Tax Attorney
Si Environmental, LLC	07/12/19	734,436	Operator
Investment Officer			
Jorge Diaz	05/07/19	N/A	Bookkeeper

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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