OFFICIAL STATEMENT DATED MAY 16, 2023

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

Insured Rating (BAM): S&P "AA"
Underlying Rating: Moody's "Baa1"
See "MUNICIPAL BOND INSURANCE" and "RATINGS."

$16,960,000

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 22

(A Political Subdivision of the State of Texas, located within Brazoria and Fort Bend Counties)

UNLIMITED TAX BONDS, SERIES 2023

Dated: June 1, 2023 **Due: September 1, as shown below**
Interest accrues from Date of Delivery

The $16,960,000 Brazoria County Municipal Utility District No. 22 Unlimited Tax Bonds, Series 2023 (the "Bonds") are obligations of Brazoria County Municipal Utility District No. 22 (the "District") and are not obligations of the State of Texas, the City of Pearland, Texas, Brazoria County, Texas, Fort Bend County, Texas, or any political subdivision or entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, the City of Pearland, Texas, Brazoria County, Texas, Fort Bend County, Texas, nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest accrues from the initial date of delivery (expected on or about June 21, 2023) (the "Date of Delivery"), and is payable September 1, 2023, and on each March 1 and September 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of $5,000 or any integral multiple thereof.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY**.

See " PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover.

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Brazoria County, Texas, Fort Bend County, Texas, the City of Pearland, Texas, or any entity other than the District. Investment in the Bonds is subject to special investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the winning bidder for the Bonds (the "Initial Purchaser"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Bond Counsel. Certain legal matters will be passed on for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel. Delivery of the Bonds is expected on or about June 21, 2023.

PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS

$16,960,000 Unlimited Tax Bonds, Series 2023

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2024	$ 355,000	5.250 %	3.400 %	10605Q JJ0	***	***	***	***	***
2025	375,000	5.250	3.300	10605Q JK7	2038	$ 705,000 (c)	4.000 %	4.040 %	10605Q JY7
2026	390,000	5.250	3.250	10605Q JL5	2039	740,000 (c)	4.000	4.090	10605Q JZ4
2027	410,000	5.250	3.250	10605Q JM3	2040	775,000 (c)	4.000	4.110	10605Q KA7
2028	430,000	5.250	3.250	10605Q JN1	2041	815,000 (c)	4.000	4.140	10605Q KB5
2029	455,000	5.250	3.250	10605Q JP6	2042	855,000 (c)	4.000	4.170	10605Q KC3
2030	475,000 (c)	3.000	3.400	10605Q JQ4	2043	900,000 (c)	4.000	4.200	10605Q KD1
2031	500,000 (c)	3.250	3.500	10605Q JR2	2044	945,000 (c)	4.000	4.230	10605Q KE9
2032	525,000 (c)	3.250	3.600	10605Q JS0	2045	990,000 (c)	4.125	4.260	10605Q KF6
2033	550,000 (c)	3.500	3.700	10605Q JT8	2046	1,040,000 (c)	4.125	4.290	10605Q KG4
2034	580,000 (c)	4.000	3.700	10605Q JU5	2047	1,090,000 (c)	4.250	4.325	10605Q KH2
2035	605,000 (c)	4.000	3.800	10605Q JV3	2048	1,145,000 (c)	4.250	4.332	10605Q KJ8

$1,310,000 Term Bond Due September 1, 2037 (c), Interest Rate: 4.00% Yield: 4.00% (a), CUSIP No. 10605Q JX9 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (herein defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services on behalf of the American Bankers Association by FactSet Research Systems Inc. and are included solely for the convenience of the owners of the Bonds.

(c) Bonds maturing on September 1, 2030, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on June 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption of the Bonds."

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 or the Initial Purchaser.

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

The Financial Advisor (defined herein) has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in the Official Statement in accordance with, and as part of, its responsibility 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.

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 qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

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. 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 such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "OFFICIAL STATEMENT—Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purposes.

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

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APPENDIX A - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT FOR FISCAL YEAR ENDED AUGUST 31, 2022

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 resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement at a price of 97.603663% of the par value thereof, which resulted in a net effective interest rate of 4.221487%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. Otherwise, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

Subject to certain restrictions described in the Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX B."

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2023 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $476.6 million, $196.7 million and $279.9 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

RATINGS

Moody's Investors Service, Inc. ("Moody's") has assigned an underlying credit rating of "Baa1" to the Bonds. The District will pay the fee charged by Moody's for the underlying credit rating. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by BAM at the time of delivery of the Bonds. The purchase of such insurance and payment of all associated costs, including the premium charged by the insurer, and fees charged by rating companies, other than Moody's, will be at the option and expense of the Initial Purchaser. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The District is not aware of any ratings assigned to the Bonds other than the ratings of S&P and Moody's.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer .... Brazoria County Municipal Utility District No. 22 (the "District"), a political subdivision of the State of Texas, is located in Brazoria County, Texas and Fort Bend County, Texas. See "THE DISTRICT."

The Issue .... $16,960,000 Brazoria County Municipal Utility District No. 22 Unlimited Tax Bonds, Series 2023 (the "Bonds"), are dated June 1, 2023. Interest accrues from the initial date of delivery (expected on or about June 21, 2023) (the "Date of Delivery"), at the rates set forth on the inside cover page hereof, and is payable September 1, 2023, and each March 1 and September 1 thereafter until the earlier of stated maturity or optional redemption. The Bonds mature serially on September 1 in each of the years 2024 through 2035, both inclusive, and 2038 through 2048, both inclusive, and as term bonds on September 1, 2037 (the "Term Bonds") in the principal amounts set forth on the cover page. Bonds maturing on or after September 1, 2030, are subject to optional redemption, in whole or from time to time in part, on June 1, 2029, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS."

Book-Entry-Only System .... The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (hereinafter defined) thereof. Principal of and interest on the Bonds will be payable by Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS—Book-Entry-Only System."

Source of Payment .... The Bonds are payable from a continuing, direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Pearland, Texas, Brazoria County, Texas, Fort Bend County, Texas, the State of Texas, or any entity other than the District. See "THE BONDS—Source of Payment."

Short Term Debt .... The District issued a Bond Anticipation Note, Series 2022 (the "BAN") in the principal amount of $6,290,000 on October 31, 2022 at an interest rate of 4.33%. The District will use a portion of the proceeds from the sale of the Bonds to redeem the BAN prior to maturity. Proceeds from the BAN were used to finance portions of certain construction and other costs shown under "THE BONDS—Use and Distribution of Bonds Proceeds."

Use of Proceeds .... A portion of the proceeds of the sale of the Bonds will be used to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the following: (i) water, wastewater and drainage facilities to serve Stewart Heights, Sections 14-17, 19, 21, and 22: (ii) Savannah master irrigation plan; (iii) Savannah Parkway Phase III; (iv) Phase VIIB mass grading and drainage facilities; (v) land acquisition costs; (vi) Storm Water Pollution Preventing Planning (SWPPP) costs; (vii) and (viii) engineering costs. In addition, a portion of the proceeds of the Bonds will be used to pay developer interest; capital costs payments to BC MUD 21 (defined herein); the District's share of wastewater treatment plant expansion Phase V; BAN interest; and certain other issuance costs associated with the issuance of the Bonds and the BAN. See "THE BONDS—Use and Distribution of Bond Proceeds."

Not Qualified Tax-Exempt Obligations.................... The Bonds are **not** "qualified tax-exempt obligations" for financial institutions.

Municipal Bond Insurance and Rating.................... S&P Global Ratings (BAM Insured): "AA." Moody's Investors Service, Inc. (Underlying): "Baa1." See "MUNICIPAL BOND INSURANCE" and "RATINGS."

Outstanding Bonds.. The District has previously issued eight series of unlimited tax bonds for water, wastewater and drainage facilities. As of April 1, 2023, $45,085,000 principal amount of such series of bonds remains outstanding (the "Outstanding Bonds"). See "THE BONDS—Outstanding Bonds."

Payment Record .... The District has never defaulted on the payment of its bonded indebtedness.

Authority for Issuance .... The Bonds are the ninth series of bonds issued out of an aggregate of $185,920,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of purchasing, constructing, operating and maintaining a water, wastewater and drainage system (the "System") and refunding of such bonds. Following the issuance of the Bonds, $120,515,000 principal amount of unlimited tax bonds for the System and the refunding of such bonds, $12,320,000 principal amount of unlimited tax bonds for parks and recreational facilities and refunding such bonds, and $1,000,000 principal amount of unlimited tax bonds for firefighting facilities will remain authorized but unissued. The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), an election held within the District on May 8, 2010, a resolution authorizing the issuance of the Bonds approved by the District's Board of Directors (the "Bond Resolution"), Chapters 49 and 54, Texas Water Code, as amended, Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas. See "THE BONDS—Authority for Issuance."

Legal Opinion.. Allen Boone Humphries Robinson LLP, Houston, Texas. See "LEGAL MATTERS."

Financial Advisor .... Robert W. Baird & Co. Incorporated, Houston, Texas.

Disclosure Counsel.. Orrick, Herrington & Sutcliffe LLP, Houston, Texas.

THE DISTRICT

Description... The District is a political subdivision of the State of Texas, located approximately 20 miles south of the central business district of Houston, Texas. The District lies entirely within the extraterritorial jurisdiction of the City of Pearland, Texas, except for a small portion that is located within the full purpose jurisdiction of the City of Pearland, Texas, consisting primarily of small portions of 42 residential lots, which are located in a utility easement. The District is a municipal utility district created by an order of the Texas Natural Resource Conservation Commission, now the TCEQ, effective June 18, 2001. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended and other statutes of Texas applicable to municipal utility districts. The District consists of approximately 654 acres. See "THE DISTRICT."

Development within the District................................ The District is one of two municipal utility districts that make up the approximately 1,250 acre master planned community known as Lakes of Savannah. To date, approximately 583 acres within the District have been developed as the residential subdivision of Laurel Heights of Savannah, Sections 1-9 (168 acres, 495 lots) and Stewart Heights at Savannah, Sections 1-19 and 21-24 (415 acres, 1,276 lots). In addition, approximately 16 acres have been developed as Savannah Lakes Elementary School and a fire station and approximately 2 acres have been developed for commercial use.

As of April 1, 2023, the District was composed of 1,769 completed homes, 2 homes under construction and no vacant developed lots. The remaining land within the District consists of approximately 5 undeveloped but developable acres and approximately 48 undevelopable acres consisting of easements, rights of way and greenbelts. See "PRINCIPAL LANDOWNER/DEVELOPER," "DEVELOPMENT OF THE DISTRICT," and "THE DISTRICT."

Developer... Land within the District is being developed by Savannah Development, Ltd., a Texas limited partnership ("Developer"). U.S. Home LLC, a Delaware limited liability company, (as successor-in-interest by conversion from U.S. Home Corporate, a Delaware corporation), is the sole general partner of the Developer. U.S. Home LLC is wholly-owned by Lennar Corporation. See "PRINCIPAL LANDOWNER/DEVELOPER" and "DEVELOPMENT OF THE DISTRICT."

Homebuilders Within the District.............................. Homebuilders who are active in the District include Lennar, Devon Street Homes, M/I Homes, Castlerock Communities and Rausch Coleman Homes. Prices of new homes being constructed in the District range from the $200,000's – $400,000's. See "DEVELOPMENT OF THE DISTRICT—Homebuilders within the District."

INVESTMENT CONSIDERATIONS

THE DISTRICT'S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS ARE DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2022 Certified Taxable Assessed Valuation	$ 453,105,464	(a)
2023 Preliminary Taxable Assessed Valuation	$ 611,773,491	(b)
Direct Debt:		
Outstanding Bonds (as of April 1, 2023)	$ 45,085,000	
The Bonds	16,960,000	
Total	$ 62,045,000	
Estimated Overlapping Debt	53,733,346	(c)
Total Direct and Estimated Overlapping Debt	$ 115,778,346	
Direct Debt Ratios:		
As a percentage of 2022 Certified Taxable Assessed Valuation	13.69 %	
As a percentage of the 2023 Preliminary Taxable Assessed Valuation	10.14 %	
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2022 Certified Taxable Assessed Valuation	25.55 %	
As a percentage of the 2023 Preliminary Taxable Assessed Valuation	18.93 %	
Debt Service Fund Balance (as of April 18, 2023)	$ 3,824,496	(d)
General Fund Balance (as of April 18, 2023)	$ 4,796,007	
Capital Projects Fund Balance (as of April 18, 2023)	$ 16,341	
2022 Tax Rate per $100 of Assessed Taxable Valuation		
Debt Service	$ 0.80	
Maintenance	0.35	
Total	$ 1.15	
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2024-2048)	$ 3,552,589	(e)
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2043)	$ 3,951,838	(e)
Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2024-2048) at 95% Tax Collections		
Based Upon 2022 Certified Taxable Assessed Valuation ($453,105,464)	$ 0.83	
Based Upon the 2023 Preliminary Taxable Assessed Valuation ($611,773,491)	$ 0.62	
Tax Rate per $100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds (2043) at 95% Tax Collections		
Based Upon 2022 Certified Taxable Assessed Valuation ($453,105,464)	$ 0.92	
Based Upon the 2023 Preliminary Taxable Assessed Valuation ($611,773,491)	$ 0.68	
Number of Single-Family Homes (including 2 homes in various stages of construction) as of April 1, 2023	1,771	
Estimated District Population	6,192	(f)

(a) As of January 1, 2022, all property located in the District is valued on the appraisal rolls by the Brazoria County Appraisal District and the Fort Bend Central Appraisal District (collectively, the "Appraisal Districts") at 100% of market value as of January 1 of each year. The District's tax roll is certified by the Appraisal Districts. See "TAXING PROCEDURES."

(b) Provided by the Appraisal Districts as the preliminary value as of January 1, 2023. This value represents the preliminary determination of the taxable value in the District as of January 1, 2023, provided by the Appraisal Districts. No taxes will be levied on this preliminary value, which is subject to review and downward adjustment. See "TAXING PRODECURES."

(c) See "DISTRICT DEBT—Estimated Direct and Overlapping Debt Statement."

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund (defined herein).

(e) Debt service requirement on the Bonds and the Outstanding Bonds. See "DISTRICT DEBT."

(f) Based upon 3.5 residents per completed single-family home.

$16,960,000
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 22
UNLIMITED TAX BONDS
SERIES 2023

INTRODUCTION

This Official Statement of Brazoria County Municipal Utility District No. 22 (the "District") is provided to furnish information with respect to the issuance by the District of its $16,960,000 Unlimited Tax Bonds, Series 2023 (the "Bonds"). The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution; and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, (ii) an election held within the District on May 8, 2010, (iii) a resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"), and (iv) an Order of the Texas Commission on Environmental Quality (the "TCEQ").

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Bond Counsel, Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated June 1, 2023 and will accrue interest on the initial date of delivery (expected on or about June 21, 2023) (the "Date of Delivery"), with interest payable September 1, 2023, and each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered serial bonds maturing on September 1 of the years shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners of the Bonds (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by the Depository Trust Company, New York, New York ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

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

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

The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution for replacing the Paying Agent/Registrar. If the District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds.

Registration, Transfer and Exchange

In the event the Book-Entry-Only system is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Houston, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the Registered Owner within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of $5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Funds

The Bond Resolution confirms the District's Debt Service Fund (the "Debt Service Fund"). The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional bonds payable from taxes issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Redemption of the Bonds

Optional Redemption: Bonds maturing on September 1, 2030, and thereafter shall be subject to redemption at the option of the District, in whole or from time to time in part, on June 1, 2029, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date in the manner specified in the Bond Resolution. If fewer than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If fewer than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such method of random selection as the Paying Agent/Registrar deems fair and appropriate (or by the DTC in accordance with its procedures while the Bonds are in book-entry-only form) in integral multiples of $5,000 within any one maturity. The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption: The Bonds maturing on September 1, 2037 are term bonds (the "Term Bonds"). The Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (each a "Mandatory Redemption Date"), and in the principal amount set forth in the following schedules:

$1,310,000 Term Bonds
Due September 1, 2037

Mandatory Redemption Date	Principal Amount
2036	$ 640,000
2037 (maturity)	670,000

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

Outstanding Bonds

The District has previously issued eight series of unlimited tax bonds for water, wastewater and drainage facilities. As of April 1, 2023, $45,085,000 principal amount of such series of bonds remains outstanding (the "Outstanding Bonds"). See table below.

Series	Original Principal Amount	Principal Currently Outstanding
2016	$ 4,915,000	$ 4,255,000
2017	5,320,000	4,620,000
2018	4,465,000	3,885,000
2018A	7,395,000	6,820,000
2019	3,240,000	3,005,000
2020	9,720,000	9,260,000
2021	6,275,000	6,125,000
2022	7,115,000	7,115,000
Total	$ 48,445,000	$ 45,085,000

Mutilated, 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 to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

The Bonds constitute the ninth installment of the $185,920,000 principal amount of unlimited tax bonds for water, sewer and drainage purposes and for refunding of such bonds authorized at an election held within the District on May 8, 2010. Following the issuance of the Bonds, $120,515,000 principal amount of unlimited tax bonds for water, wastewater and drainage facilities (the "System") and for the refunding of such bonds, $12,320,000 principal amount of unlimited tax bonds for parks and recreational facilities and refunding of such bonds and $1,000,000 principal amount of unlimited tax bonds for firefighting facilities will remain authorized but unissued.

Source of Payment

The Bonds are 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 located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees and fees of the Appraisal Districts. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund and used solely to pay principal of and interest on the Bonds, the outstanding bonds and additional bonds payable from taxes which may be issued, and Paying Agent/Registrar fees.

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

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ, necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $185,920,000 unlimited tax bonds for the System and the refunding of such bonds and could authorize additional amounts. The District's voters have also authorized the issuance of $12,320,000 unlimited tax bonds for park and recreational facilities and refunding purposes and $1,000,000 unlimited tax bonds for firefighting facilities. The Bonds are the ninth series of unlimited tax bonds issued by the District for the System to serve the District. Following the issuance of the Bonds, $120,515,000 of unlimited tax bonds for the System and for refunding purposes, $12,320,000 unlimited tax bonds for recreational facilities and refunding purposes and $1,000,000 unlimited tax bonds for firefighting facilities will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ). Following the issuance of the Bonds, the District will owe the Developer approximately $14,500,000 for park and recreational facilities and approximately $6,500,000 for System facilities located within the District. In addition, the District may need to hold an additional election to increase bonding capacity to pay the current estimated amount owed to the Developer.

The District is also authorized by statute to engage in firefighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. The Board has adopted a fire plan, received TCEQ approval of the plan, and called an election for such purposes, which was approved by the District's voters. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District prepared a parks master plan, and on May 8, 2010 the District's voters authorized $12,320,000 in unlimited tax bonds for the purpose of acquiring and constructing parks and recreational facilities. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park bond application for the issuance of bonds by the TCEQ; (b) consent from the City of Pearland; and (c) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a park bond application at this time. Under current Texas law, 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 at the time of issuance, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District.

No Arbitrage

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

> "(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic."
>
> "(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

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

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

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners.

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Use and Distribution of Bond Proceeds

The construction costs below were compiled by the District's Engineer and were submitted to the TCEQ in the District's Bond Application Report. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor (each hereinafter defined). A portion of the proceeds of the sale of the Bonds will be used to redeem the $6,290,000 Bond Anticipation Note, Series 2022 (the "BAN"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor. Any surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

I. CONSTRUCTION COSTS	
Phase VIIB Drainage & Mass Grading	$ 1,213,867
Water, Wastewater and Drainage to Serve Stewart Heights, Section Fourteen	597,429
Water, Wastewater and Drainage to Serve Stewart Heights, Section Fifteen	684,162
Water, Wastewater and Drainage to Serve Stewart Heights, Section Sixteen	1,061,699
Water, Wastewater and Drainage to Serve Stewart Heights, Section Seventeen	912,267
Water, Wastewater and Drainage to Serve Stewart Heights, Section Nineteen	666,980
Water, Wastewater and Drainage to Serve Stewart Heights, Section Twenty-One	675,566
Water, Wastewater and Drainage to Serve Stewart Heights, Section Twenty-Two	592,186
Savannah Master Irrigation Plan	406,568
Savannah Parkway Phase III	343,054
Capital Cost Payments to Brazoria Co. MUD No. 21	1,908,642
Land Acquisition Cost	133,820
Engineering, Materials Testing, Geotechnical, Etc.	1,340,529
Stormwater Pollution Prevention Plan	132,177
Wastewater Treatment Plant Expansion Phase V	3,813,552
Total Construction Costs	**$ 14,482,498**
II. NON-CONSTRUCTION COSTS	
Legal Fees	$ 359,200
Fiscal Agent Fees	339,200
Interest:	
a). Developer Interest (Estimated)	735,992
b). BAN Interest (a)	173,861
BAN Issuance Expenses	157,654
Bond Discount (a)	406,419
Bond Issuance Expenses	49,606
Bond Application Report Costs	55,000
Attorney General Fee	9,500
TCEQ Bond Issuance Fee	42,400
Contingency (a)	148,670
Total Non-Construction Costs	**$ 2,477,502**
TOTAL BOND ISSUE REQUIREMENT	**$ 16,960,000**

(a) Contingency represents the difference in the estimated and actual amounts of Bond discount and BAN interest.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ, where required. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District was created by order of the TCEQ, dated June 18, 2001, and by a confirmation election held within the District on August 11, 2001, and operates under Chapters 49 and 54 of the Texas Water Code and other general laws of the State of Texas applicable to municipal utility districts.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes, and, under certain limited circumstances, with TCEQ approval, to construct roads. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

Description

At the time of the confirmation election, the District encompassed 327.38 acres. The District has since annexed 326.35 acres. The total acreage of the District is now approximately 654 acres. The District is located in Brazoria and Fort Bend Counties, Texas approximately 20 miles south of the City of Houston Central Business District. The District lies approximately 1.25 miles northeast of State Highway 6 and F.M. 521. The District is located within the extraterritorial jurisdiction of the City of Pearland, Texas, except for a small portion that is located within the full purpose jurisdiction of the City of Pearland, Texas, consisting primarily of small portions of 42 residential lots, which are located in a utility easement.

Management of the District

The District is governed by the Board of Directors (the "Board") consisting of five directors, who have control over and management supervision of all affairs of the District. All of the Directors either reside or own taxable property in the District. The directors serve four-year staggered terms. Elections are held in even numbered years in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires May
Rufus Zeigler III	President	2024
Staci Posten	Vice President	2026
Alfred Horace	Secretary	2024
Joe White	Assistant Vice President	2024
Ron Wefelmeyer	Assistant Secretary	2026

Investment Policy

The District has adopted an Investment Policy (the "Investment Policy") as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and secured by collateral authorized by the Act, and in TexPool and TexStar, which are 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 portfolio.

Consultants

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the District is Assessments of the Southwest, Inc.

Bookkeeper: The District's bookkeeper is Myrtle Cruz, Inc.

Auditor: The financial statements of the District as of August 31, 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 audited financial statements for the fiscal year ended August 31, 2022.

Utility System Operator: The District's water and sewer system is operated by Municipal District Services, LLC.

Engineer: The District's Engineer is LJA Engineering, Inc. (the "Engineer"). Such firm acts as engineer for many residential and commercial developments in Texas.

Attorney: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Financial Advisor: Robert W. Baird & Co. Incorporated is employed as financial advisor (the "Financial Advisor") to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Disclosure Counsel: Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, as Disclosure Counsel. The fees to be paid to Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Annexation

Under existing Texas law, since the District lies within the extraterritorial jurisdiction of the City of Pearland (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 the Strategic Partnership Agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "STRATEGIC PARTNERSHIP AGREEMENT AND FIRE SERVICES" below for a description of the terms of the Strategic Partnership Agreement between the City and the District.

If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District. 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.

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STRATEGIC PARTNERSHIP AGREEMENT AND FIRE SERVICES

In 2002, the District and the City entered into a Strategic Partnership Agreement, amended in 2014 (the "SPA"), pursuant to Section 43.0751 of the Texas Local Government Code. The District has agreed to cooperate with the City for permanent regional wastewater facilities, to commence once the temporary wastewater capacity leased or utilized by the District and Brazoria County Municipal Utility District No. 21 ("BC MUD 21") combined exceeds 750,000 gallons per day of treatment capacity. Design of such permanent facilities must begin not later than when the two districts' average daily flow reaches 75 percent of such capacity, and construction must commence not later than when flows reach 90 percent. In any event, the districts are obligated to commence construction of the permanent facilities prior to lowering their tax rates below $1.00 per $100 valuation. The City is authorized to construct or enlarge phases of the wastewater facilities to serve areas outside the District and BC MUD 21.

The District's ultimate water capacity will be provided by the City through City 12-inch and 16-inch trunk lines, the costs of which will be borne by the District in proportion to the ultimate needs of the District, taking into account existing water supplies at the time of construction. Although the SPA required the districts to size their water plant site to accommodate a 500,000 gallon elevated storage tank, the districts are not required to fund or construct the tank.

Fire/EMS services: According to a Fire/Emergency Medical Services ("EMS") Agreement between the District, the City and BC MUD 21 (the "City Agreement"), effective September 19, 2002 the District and the City cooperated to provide fire and EMS services to the District, and the residents of the District paid a monthly fee to the City for such services. The City Agreement provided for fire and EMS services to be provided by the Pearland Volunteer Fire department and the City. The District received approval of a fire plan by the TCEQ, and in accordance with the Texas Water Code, the District held an election on September 13, 2003, in which the fire plan, including the issuance of unlimited tax bonds in the maximum amount of $1,000,000, was approved by the voters of the District. The District has constructed, in conjunction with the neighboring BC MUD 21, a fire/EMS facility (the "Station") located within the District to serve the District and surrounding areas. The Station is owned by BC MUD 21 on behalf of itself and the District.

On December 23, 2019, the District entered into an Interlocal Agreement for Emergency Services (the "Interlocal Agreement") with Brazoria County Emergency Services District No. 3 ("ESD 3") and BC MUD 21. Under the Interlocal Agreement, beginning January 1, 2020 (the "Effective Date"), ESD 3 provides fire and EMS services to the District, including through the staffing of the Station, and the District pays an annual fee, payable in quarterly installments, to ESD 3 for such services. The initial term of the Interlocal Agreement was 24 months from the Effective Date, and it will be automatically renewed every two years unless terminated by any party. The Interlocal Agreement was renewed most recently on January 1, 2022. The District, BC MUD 21, and the City terminated the City Agreement by mutual agreement, effective December 31, 2019.

Sales Tax: The City is authorized to impose sales and use taxes on commercial areas within the boundaries of the District.

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DEVELOPMENT OF THE DISTRICT

Approximately 583 acres (1,771 lots) within the District have been developed into the single-family subdivisions of Laurel Heights at Savannah, Sections 1-9 and Stewart Heights at Savannah, Sections 1-19 and 21-24. In addition, approximately 16 acres have been developed as Savannah Lakes Elementary School and a fire station and approximately 2 acres have been developed for commercial purposes.

As of April 1, 2023, the District was composed of 1,769 completed homes, 2 homes under construction and no vacant developed lots. The remaining land within the District consists of approximately 5 undeveloped but developable acres and approximately 48 undevelopable acres consisting of easements, rights of way and greenbelts.

Status of Development within the District

The following is a status of construction of single-family housing within the District as of April 1, 2023:

				Homes		
Section	Type of Development	Acreage	No. of Lots	Complete	Under Construction	Vacant Lots
Laurel Heights at Savannah - Section 1	Single Family	17	61	61	0	0
Laurel Heights at Savannah - Section 2	Single Family	9	40	40	0	0
Laurel Heights at Savannah - Section 3	Single Family	30	28	28	0	0
Laurel Heights at Savannah - Section 4	Single Family	12	38	38	0	0
Laurel Heights at Savannah - Section 5	Single Family	12	56	56	0	0
Laurel Heights at Savannah - Section 6	Single Family	23	59	59	0	0
Laurel Heights at Savannah - Section 7	Single Family	29	79	79	0	0
Laurel Heights at Savannah - Section 8	Single Family	19	68	68	0	0
Laurel Heights at Savannah - Section 9	Single Family	17	66	66	0	0
Subtotal		168	495	495	0	0
Stewart Heights - Section 1	Single Family	12	50	48	2	0
Stewart Heights - Section 2	Single Family	12	44	44	0	0
Stewart Heights - Section 3	Single Family	40	73	73	0	0
Stewart Heights - Section 4	Single Family	20	62	62	0	0
Stewart Heights - Section 5	Single Family	22	55	55	0	0
Stewart Heights - Section 6	Single Family	10	31	31	0	0
Stewart Heights - Section 7	Single Family	11	46	46	0	0
Stewart Heights - Section 8	Single Family	19	72	72	0	0
Stewart Heights - Section 9	Single Family	8	26	26	0	0
Stewart Heights - Section 10	Single Family	26	48	48	0	0
Stewart Heights - Section 11	Single Family	19	50	50	0	0
Stewart Heights - Section 12	Single Family	15	60	60	0	0
Stewart Heights - Section 13	Single Family	37	59	59	0	0
Stewart Heights - Section 14	Single Family	16	55	55	0	0
Stewart Heights - Section 15	Single Family	21	48	48	0	0
Stewart Heights - Section 16	Single Family	20	82	82	0	0
Stewart Heights - Section 17	Single Family	15	56	56	0	0
Stewart Heights - Section 18	Single Family	10	48	48	0	0
Stewart Heights - Section 19	Single Family	14	59	59	0	0
Stewart Heights - Section 21	Single Family	16	66	66	0	0
Stewart Heights - Section 22	Single Family	17	49	49	0	0
Stewart Heights - Section 23	Single Family	17	60	60	0	0
Stewart Heights - Section 24	Single Family	18	77	77	0	0
Subtotal		415	1,276	1,274	2	0
Total		**583**	**1,771**	**1,769**	**2**	**0**
Commercial		2				
School & Fire Station		16				
Undevelopable		48				
Remaining Developable		5				
Total District Acreage		654				

Homebuilders within the District

Homebuilders who are active in the District include Lennar, Devon Street Homes, Westin Homes, M/I Homes, Castlerock Communities and Rausch Coleman Homes. Prices of new homes being constructed in the District range from the $200,000's – $400,000's.

Future Development

Approximately 5 acres of developable land in the District remain to be developed with water, sanitary sewer and drainage facilities and approximately 48 acres are undevelopable. The District can make no representation that any future development will occur within the District. In the event that future development does occur within the District, it is anticipated that the development costs will be financed through the sale of future bond issues.

PRINCIPAL LANDOWNER/DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the System in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Principal Landowner/Developer

The primary developer of land within the District is Savannah Development Ltd., a Texas limited partnership (the "Developer"). The sole general partner of the Developer is U.S. Home LLC, a Delaware limited liability company, (as successor-in-interest by conversion from U.S. Home Corporate, a Delaware corporation), which is wholly-owned by Lennar Corporation. Lennar Corporation is a publicly traded corporation whose stock is listed on the New York Stock Exchange. Audited financial statements for Lennar Corporation can be found online at https://investors.lennar.com/financials/annual-reports-and-proxy-statements. Lennar Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the United States Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by Lennar Corporation can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

Certain financial information concerning the Developer is included as part of the consolidated financial statements of Lennar Corporation. However, Lennar Corporation is not legally obligated to provide funds for the development of the District, to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer. Further, neither the Developer nor Lennar Corporation is responsible for, is liable for or has made any commitment for payment of the Bonds or other obligations of the District, and the inclusion of such financial statements and description of financial arrangements herein should not be construed as an implication to that effect. Neither the Developer nor Lennar Corporation has any legal commitment to the District or owners of the Bonds to continue development of the land within the District and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. Further, the financial condition of the Developer and Lennar Corporation is subject to change at any time. Because of the foregoing, financial information concerning the Developer and Lennar Corporation will neither be updated nor provided following issuance of the Bonds.

Lennar Homes of Texas Land and Construction, a Texas limited partnership, d/b/a Friendswood Development Company ("FDC") is managing the development in the District. FDC's sole general partner also is U.S. Home LLC, a Delaware corporation.

The Developer is also the developer of the land within BC MUD 21, which is adjacent to the District on its southern boundary and is a part of the Lakes of Savannah Community.

In addition to Lakes of Savannah, FDC is the developer in the Houston, Texas area master planned communities of Kingwood, West Ranch, Lakemont, Graystone Hills, Wildwood at Northpointe and Fairfield, as well as numerous smaller communities, including Bay Colony West, Clearview Village, Hidden Creek, Falls at Green Meadows and other communities. Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

THE SYSTEM

Regulation

According to the District's Engineer, the District's System has been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. Water, wastewater and storm drainage facilities are subject to the regulatory authority of Brazoria County, Texas, Fort Bend County, Texas, the Brazoria County Drainage District No. 4, the City of Pearland, the Federal Emergency Management Agency, and, in some instances, the TCEQ, and the U.S. Army Corps of Engineers. According to the District's Engineer, the design of all such facilities has been approved by all required governmental agencies and inspected by the TCEQ, where required.

Operation of the District's System as it now exists or as it may be expanded from time to time is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions, which could in turn require additional expenditures by the District in order to achieve compliance with the regulatory requirements.

Water, Sanitary Sewer and Drainage System

Source of Water Supply: The District currently has a joint facilities/cost sharing agreement with BC MUD 21 for a water plant that includes a 1,300 gallon per minute main well, a 1,500 gallon per minute backup well, hydropneumatic tanks with 55,000 gallons of capacity, two 250,000 gallon ground storage tanks, a 500,000 gallon ground storage tank, and booster pumps with a 5,700 gallon per minute capacity. The current total capacity of the water plant is sufficient to serve approximately 2,850 equivalent single-family connections ("ESFCs"), of which 1,771 ESFCs are contracted to the District. The water plant which serves the District and BC MUD 21 is currently being expanded to ensure the remainder of the development can be adequately served. A 1,500 gallon per minute booster pump is being installed to increase the booster pump capacity to serve 3,450 ESFCs.

BC MUD 21 on behalf of itself and the District, previously owned and operated a 300 gallon per minute backup well. Due to production limitations, the well was plugged and abandoned. The District does not currently have any emergency interconnect agreements with neighboring entities. However, BC MUD 21's construction of Remote Water Well No. 1 with BC MUD 21 for the benefit of itself and the District provides a second source of water to maintain the TCEQ minimum water supply to the District in the event of an emergency.

Source of Wastewater Treatment: The District has a joint facilities/cost sharing agreement with BC MUD 21 for a 750,000 gallon per day ("gpd") packaged wastewater treatment plant. The total capacity of the plant is sufficient to serve approximately 3,348 ESFCs, of which 1,771 ESFCs are contracted to the District.

The District and BC MUD 21 have contracted to participate with the City in regional water and wastewater facilities at a future date. When the packaged wastewater treatment plant's capacity reaches 90% of 750,000 gpd, serving both the District and BC MUD 21, the capacity served by the packaged wastewater treatment plant is required to be replaced with permanent capacity and the City may participate in upsizing the permanent plant to serve areas outside the two districts. Funding for the permanent capacity is proposed in Phase V of the wastewater treatment plant expansion and is included in this bond issue. In addition, the District will be required to participate in the costs of City water trunkline construction when the City chooses to construct such trunklines to serve the District; provided that the District's cost share will be limited to capacity actually required to serve the District, taking existing capacity into account. See "STRATEGIC PARTNERSHIP AGREEMENT AND FIRE SERVICES."

Certificate of Convenience and Necessity: The District is located in the extraterritorial jurisdiction of the City, an area for which the City currently maintains a Certificate of Convenience and Necessity ("CCN") for retail water and wastewater services. In cooperation with the City, the District acquired a CCN for water and wastewater services within the District, concurrent with the City and is authorized thereby to provide such services in the District.

100 Year Flood Plain

No portion of the District lies within the 100-year floodplain as delineated by the current Flood Insurance Rate Map (FIRM), Map Panel 48039C0020H (revised June 5, 1989) and 48157C0315L (revised April 2, 2014), Brazoria County, Texas and Incorporated Areas.

General Fund Operating Statement

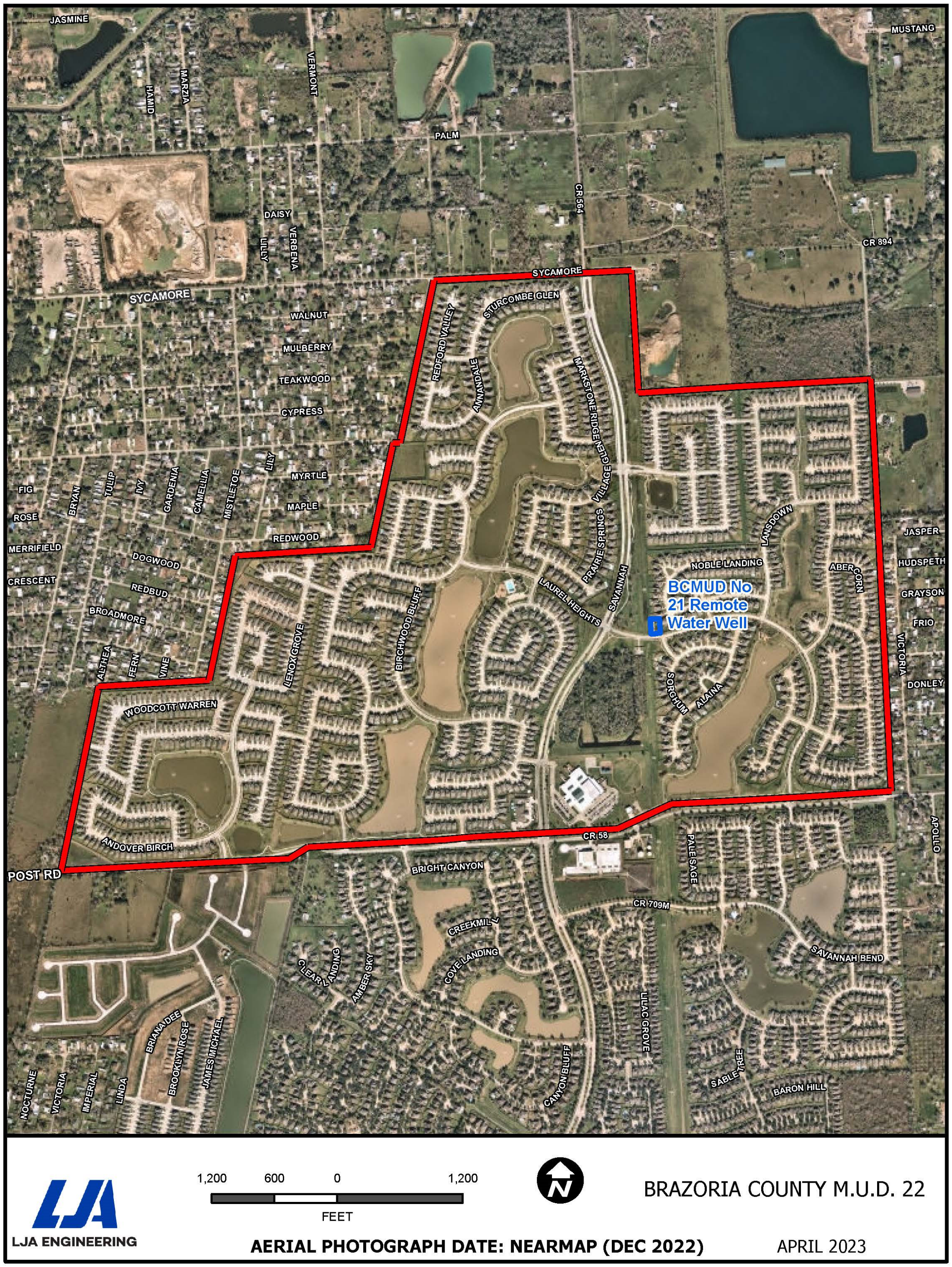
The following statement sets forth in condensed form the historical results of operation of the District's System. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements for the fiscal years ended August 31, 2019, through August 31, 2022. The figures for the period ended March 31, 2023, are unaudited and have been obtained from reports of the District's bookkeeper. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	9/1/2022 to 3/31/2023 (a)	Fiscal Year Ended August 31,			
Revenues	(Unaudited)	2022	2021	2020	2019
Property Taxes	$1,501,938	$ 1,469,069	$ 1,351,840	$ 1,187,638	$ 1,026,004
Water Service	454,370	577,720	454,971	375,458	310,530
Sewer Service	425,638	622,067	500,330	392,763	299,302
Fire Protection	193,759	336,859	266,459	208,807	175,447
Groundwater Conservation District Fee	3,373	5,641	4,230	4,219	3,091
Penalty and Interest	16,731	31,761	18,761	8,133	16,159
Tap Connection and Inspection Fees	30,565	447,008	530,293	249,110	258,229
Investment Revenues	38,137	2,581	6,798	15,463	10,198
Miscellaneous Revenues	1,044	165,762	84,396	55,608	56,757
Total	$ 2,665,555	$ 3,658,468	$ 3,218,078	$ 2,497,199	$ 2,155,717
Expenditures					
Purchased Services	$655,718	$ 615,163	$ 534,816	$ 328,689	$ 325,894
Professional Fees	88,845	115,895	130,496	151,935	156,033
Contracted Services	583,773	795,977	659,885	591,325	370,991
Utilities	28,374	46,807	32,779	31,102	18,399
Repairs and Maintenance	169,451	348,451	295,205	285,051	324,744
Other	55,603	64,996	85,016	56,642	97,120
Tap Connections	67,945	169,820	197,115	84,015	106,045
Capital Outlay	106,517	929,839 (b)	18,709	390,794	-
Contribution to other District	-	-	-	-	294,704
Debt Issuance Costs	52,500	12,900	30,217	-	47,346
Total	$ 1,808,726	$ 3,099,848	$ 1,984,238	$ 1,919,553	$ 1,741,276
NET REVENUES (Deficit)	$ 856,829	$ 558,620	$ 1,233,840	$ 577,646	$ 414,441
Other Financing Sources (Uses):					
Interfund Transfer	$ -	$ 30,217	$ -	$ 63,122	$ 56,189
Beginning fund balance	$ 4,018,187	$ 3,429,350	$ 2,195,510	$ 1,554,742	$ 1,084,112
Ending fund balance	$ 4,875,016	$ 4,018,187	$ 3,429,350	$ 2,195,510	$ 1,554,742

(a) Unaudited, provided by the bookkeeper.

(b) Consists mainly of the District's share of the water plant no. 1 reverse osmosis plant improvements paid to MUD 21 in the amount of $818,949.

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken April 2023)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken April 2023)

DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements on the Outstanding Bonds and the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Year Ending 12/31	Outstanding Debt Service		Principal	Interest	Total Debt Service
2023	$ 2,120,659	(a)	$ -	$ 136,408	$ 2,257,067
2024	2,849,781		355,000	701,525	3,906,306
2025	2,847,216		375,000	682,888	3,905,104
2026	2,837,969		390,000	663,200	3,891,169
2027	2,830,581		410,000	642,725	3,883,306
2028	2,825,406		430,000	621,200	3,876,606
2029	2,824,163		455,000	598,625	3,877,788
2030	2,819,250		475,000	574,738	3,868,988
2031	2,822,156		500,000	560,488	3,882,644
2032	2,818,031		525,000	544,238	3,887,269
2033	2,817,406		550,000	527,175	3,894,581
2034	2,818,556		580,000	507,925	3,906,481
2035	2,818,031		605,000	484,725	3,907,756
2036	2,815,113		640,000	460,525	3,915,638
2037	2,814,869		670,000	434,925	3,919,794
2038	2,811,956		705,000	408,125	3,925,081
2039	2,806,619		740,000	379,925	3,926,544
2040	2,807,588		775,000	350,325	3,932,913
2041	2,805,769		815,000	319,325	3,940,094
2042	2,801,800		855,000	286,725	3,943,525
2043	2,799,313		900,000	252,525	3,951,838
2044	2,085,756		945,000	216,525	3,247,281
2045	1,438,788		990,000	178,725	2,607,513
2046	829,413		1,040,000	137,888	2,007,300
2047	430,563		1,090,000	94,988	1,615,550
2048	-		1,145,000	48,663	1,193,663
	$ 63,296,751		$ 16,960,000	$ 10,815,045	$ 91,071,796

(a) Excludes the March 1, 2023 debt service requirement in the amount of $771,499.

Average Annual Debt Service Requirement - (2024-2048)........ $3,552,589
Maximum Annual Debt Service Requirement - (2043) $3,951,838

Bonded Indebtedness

2022 Certified Taxable Assessed Valuation	$ 453,105,464	(a)
2023 Preliminary Taxable Assessed Valuation	$ 611,773,491	(b)
Direct Debt		
Outstanding Bonds (as of April 1, 2023)	$ 45,085,000	
The Bonds	16,960,000	
Total	$ 62,045,000	
Estimated Overlapping Debt	$ 53,733,346	(c)
Total Direct and Estimated Overlapping Debt	$ 115,778,346	
Debt Service Fund Balance (as of April 18, 2023)	$ 3,824,496	(d)
General Fund Balance (as of April 18, 2023)	$ 4,796,007	
Capital Projects Fund Balance (as of April 18, 2023)	$ 16,341	
2022 Tax Rate per $100 of Assessed Taxable Valuation		
Debt Service	$ 0.80	
Maintenance	0.35	
Total	$ 1.15	
Direct Debt Ratios:		
As a percentage of 2022 Certified Taxable Assessed Valuation ($453,105,464)	13.69	%
As a percentage of the 2023 Preliminary Taxable Assessed Valuation ($611,773,491)	10.14	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2022 Certified Taxable Assessed Valuation ($453,105,464)	25.55	%
As a percentage of the 2023 Preliminary Taxable Assessed Valuation ($611,773,491)	18.93	%

(a) As of January 1, 2022, all property located in the District is valued on the appraisal rolls by the Brazoria County Appraisal District and the Fort Bend Central Appraisal District (collectively, the "Appraisal Districts") at 100% of market value as of January 1 of each year. The District's tax roll is certified by the Appraisal Districts. See "TAXING PROCEDURES."

(b) Provided by the Appraisal Districts as the preliminary value as of January 1, 2023. This value represents the preliminary determination of the taxable value in the District as of January 1, 2023, provided by the Appraisal Districts. No taxes will be levied on this preliminary value, which is subject to review and downward adjustment. See "TAXING PRODECURES."

(c) See "Estimated Direct and Overlapping Debt Statement" herein.

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund.

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Tax Year	AV	Debt as of 3/31/2023	Overlapping Percent	Overlapping Amount
Brazoria County	2022	$ 42,631,118,944	$ 207,948,313	1.06%	$ 2,210,182
Fort Bend County	2022	98,513,003,338	820,682,050	0.46%	3,774,685
Fort Bend ISD	2022	53,990,749,454	1,523,860,000	0.84%	12,788,659
Alvin ISD	2022	12,401,209,762	940,120,000	3.65%	34,349,351
Alvin Community College District	2022	16,284,402,830	21,940,000	2.78%	610,470
Total Estimated Overlapping Debt					$ 53,733,346
The District Direct Debt (a)					$ 62,045,000
Total Direct Debt and Estimated Overlapping Debt					$115,778,346

(a) Includes the Bonds.

Debt Ratios

	% of 2022 Certified Taxable Assessed Valuation	% the 2023 Preliminary Taxable Assessed Valuation
Direct Debt (a)	13.69%	10.14%
Direct and Estimated Overlapping Debt (a)	25.55%	18.93%

(a) Includes the Bonds.

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 sufficient amount to pay the principal of and interest on the Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS—Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See "TAX DATA—Maintenance Tax."

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Code are complex and are not fully summarized herein. The Property Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by such appraisal district. The Brazoria County Appraisal District has the responsibility of appraising property for all taxing units within Brazoria County, including the majority of the District. The Fort Bend Central Appraisal

District has the responsibility of appraising property for all taxing units within Fort Bend County, including the portion of the District located within Fort Bend County. The Brazoria County Appraisal District and Fort Bend Central Appraisal District are referred to herein as the Appraisal Districts. Such appraisal values will be subject to review and change by the Appraisal Review Board for the applicable appraisal district. The appraisal roll, as approved by the Appraisal Review Board for both Appraisal Districts, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed 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 to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted a general residential homestead exemption. See "TAX DATA."

Freeport Goods and Goods-in-Transit Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 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 property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Brazoria County or Fort Bend County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Brazoria County, Fort Bend County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Brazoria County and Fort Bend County have not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal Districts at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board for the applicable appraisal district, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

The Property 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 fair market value. The Property Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision 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 Code requires the Appraisal Districts to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all property in the Appraisal Districts at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal Districts or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal Districts a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal Districts choose to formally include such values on their appraisal rolls.

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, including the District, may appeal orders of the Appraisal Review Board for the applicable appraisal district by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal Districts to compel compliance with the Property Code.

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

Levy and Collection of Taxes

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

Tax Payment Installments After Disaster

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

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

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.

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 Property 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 on an annual basis. For the 2022 tax year, the District made the determination of its status as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new 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 in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the State and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on parity with or takes priority over a tax lien of the District is determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

The Effect of FIRREA on Tax Collection 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 the FIRREA provisions are valid and applicable to any property in the District and to the extent that the 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.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (see "TAXING PROCEDURES"). The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The District levied a maintenance tax of $0.35 per $100 of assessed valuation and a debt service tax of $0.80 per $100 of assessed valuation for the 2022 tax year.

Tax Rate Limitation

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

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. See "Tax Rate Distribution" below.

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 June 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Taxable Valuation which would be required to meet certain debt service requirements on the Bonds and the Outstanding Bonds if no growth in the District's tax base occurs beyond the 2022 Certified Taxable Assessed Valuation ($453,105,464) or the 2023 Preliminary Taxable Assessed Valuation ($611,773,491). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirements (2024-2048)	$ 3,552,589
Tax Rate of $0.83 on the 2022 Certified Taxable Assessed Valuation produces	$3,572,737
Tax Rate of $0.62 on the 2023 Preliminary Taxable Assessed Valuation produces	$ 3,603,346
Maximum Annual Debt Service Requirement (2043)	$ 3,951,838
Tax Rate of $0.92 on the 2022 Certified Taxable Assessed Valuation produces	$3,960,142
Tax Rate of $0.68 on the 2023 Preliminary Taxable Assessed Valuation produces	$ 3,952,057

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT—Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all taxes per $100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2022 taxes per $100 of assessed valuation levied by all such taxing jurisdictions.

Taxing Jurisdiction	2022 Tax Rate Brazoria County	2022 Tax Rate Fort Bend County
The District	$ 1.150000	$ 1.150000
Brazoria County (a)	0.341106	-
Fort Bend County (b)	-	0.438300
Alvin Independent School District	1.377700	-
City of Pearland	(c)	-
Fort Bend Independent School District	-	1.134600
Alvin Community College District	0.164145	-
Brazoria County Drainage District No. 4	0.138000	-
Fort Bend County ESD No. 7	-	0.100000
Total Tax Rate	$ 3.170951	$ 2.822900

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

(a) Includes Road & Bridge Fund tax.
(b) Includes Fort Bend County Drainage District tax.
(c) A small portion of the District, consisting primarily of small portions of 42 residential lots, which are located in a utility easement, lies within the corporate city limits of Pearland, which levied a 2022 Tax Rate of $0.623765 per $100 assessed valuation.

Historical Tax Collections

Year	Assessed Valuation	Tax Rate per $100 (a)	Tax Levy	% of Current Collections	Tax Year Ended 9/30	Collections as 3/31/2023
2018	$154,781,973	$1.40	$2,166,948	100.00%	2019	100.00%
2019	207,470,612	1.40	2,904,589	100.00%	2020	100.00%
2020	264,921,990	1.30	3,443,986	100.00%	2021	100.00%
2021	316,659,632	1.25	3,958,220	99.82%	2022	99.82%
2022	453,105,464	1.15	5,210,713	98.94%	2023	98.94%

(a) See "Tax Rate Distribution" herein.

Tax Rate Distribution

	2022	2021	2020	2019	2018
Debt Service	$ 0.80	$ 0.79	$ 0.79	$ 0.83	$ 0.75
M&O	0.35	0.46	0.51	0.57	0.65
Total	$ 1.15	$ 1.25	$ 1.30	$ 1.40	$ 1.40

Assessed Taxable Valuation Summary

The following represents the type of property comprising the 2018-2022 Tax Rolls as certified by the Appraisal Districts.

Type of Property	2022 Certified Taxable Assessed Valuation	2021 Certified Taxable Assessed Valuation	2020 Certified Taxable Assessed Valuation	2019 Certified Taxable Assessed Valuation	2018 Certified Taxable Assessed Valuation
Land	$ 70,913,773	$ 63,539,928	$ 55,683,121	$ 44,316,881	$ 36,698,761
Improvements	434,963,020	278,178,275	231,030,211	183,003,081	134,529,013
Personal Property	6,038,240	4,467,670	3,724,580	2,758,750	2,065,900
Exemptions	(58,809,569)	(29,526,241)	(25,515,922)	(22,608,100)	(18,511,701)
Total	$453,105,464	$316,659,632	$264,921,990	$207,470,612	$154,781,973

Principal Taxpayers

The following are the principal taxpayers in the District as shown on the District's certified appraisal rolls for the 2022 tax year.

Taxpayer		2022 Tax Year	% of Tax Roll
Apollos 32 Holding Inc.	$	2,484,600	0.55%
Lennar Homes of Texas Land and Construction Ltd.(a)		2,404,340	0.53%
Upward America Central Property Owner LP		1,367,110	0.30%
Centerpoint Energy Houston Electric LLC		1,197,270	0.26%
FKH SFR PROPCO I LP		936,600	0.21%
Individual		614,540	0.14%
Individual		518,400	0.11%
FKH SFR PROPCO K		506,630	0.11%
Individual		503,100	0.11%
Individual		498,430	0.11%
Total		11,031,020	2.43%

(a) See "PRINCIPAL LANDOWNER/DEVELOPER."

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Brazoria County, Texas, Fort Bend County, Texas, the City, or any political subdivision other than the District, will be secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT OF THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Infectious Disease Outbreak (COVID-19)

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

Since such time, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including the State of Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

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

Potential Effects of Oil Price Declines on the Houston Area

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

Principal Landowner/Developer: There is no commitment by or legal requirement of the principal landowner/developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See "DEVELOPMENT OF THE DISTRICT," "PRINCIPAL LANDOWNER/DEVELOPER" and "TAX DATA—Principal Taxpayers."

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2022 Certified Taxable Assessed Valuation of property located within the District (see "TAX DATA") is $453,105,464 and the 2023 Preliminary Taxable Assessed Valuation is $611,773,491. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds will be $3,951,838 (2043) and the average annual debt service requirements on the Bonds and the Outstanding Bonds will be $3,552,589 (2024-2048). Assuming no increase to nor decrease from the 2022 Certified Taxable Assessed Valuation, tax rates of $0.92 and $0.83 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively. Assuming no increase to nor decrease from the 2023 Preliminary Taxable Assessed Valuation tax rates of $0.68 and $0.62 per $100 of assessed valuation at 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively.

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. In 2022, the District levied a maintenance tax of $0.35 per $100 of assessed valuation and a debt service tax of $0.80 per $100 of assessed valuation.

Increases in the District's tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay ad valorem taxes levied by the District.

Hurricane Harvey

The Greater Houston area sustained widespread damage as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to the Developer and the Engineer, Hurricane Harvey caused no material damage to System and there was no interruption to water and sewer service in the District. Further, to the best knowledge of the Developer and the Engineer, although streets in the District experienced widespread flooding, there were no homes in the District that experienced structural flooding or other material damage. The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region.

Potential Impact of Natural Disaster

The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates.

Competitive Nature of Houston Residential Housing Market

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

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within two (2) years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for commercial and other property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and commercial and all other property within six (6) months of foreclosure. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be limited further by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge.

Marketability

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

Future Debt

The District has the right to issue the remaining $120,515,000 authorized but unissued unlimited tax bonds for the System and the refunding of such bonds, $12,320,000 authorized but unissued unlimited tax bonds for park and recreational facilities and refunding of such bonds, and $1,000,000 authorized but unissued unlimited tax bonds for firefighting facilities remaining after the issuance of the Bonds (see "THE BONDS—Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, revenue bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining $120,515,000 in unlimited tax bonds for the System which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $120,515,000 in unlimited tax bonds for the System and $12,320,000 in unlimited tax bonds for park and recreational facilities are also subject to approval by the TCEQ. Further, the principal amount of unlimited tax bonds sold by the District for park and recreational facilities is limited to one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District.

After the issuance of the Bonds, the District will owe the Developer approximately $14,500,000 for park and recreational facilities and approximately $6,500,000 for System facilities located within the District. In addition, the District may need to hold an additional election to increase bonding capacity to pay the current estimated amount owed to the Developer. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS—Issuance of Additional Debt."

The District's Engineer estimates that the aforementioned $120,515,000 authorized unlimited tax bonds which remain unissued will be adequate to finance the construction of all the System to provide service to all of the currently undeveloped portions of the District.

Continuing Compliance with Certain Covenants

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

Bond Insurance

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 the District which is recovered by the District 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 bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, 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 claims 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 "MUNICIPAL BOND INSURANCE" and "RATINGS."

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 Initial Purchaser has 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 District 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 "MUNICIPAL BOND INSURANCE" and "RATINGS" 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.

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 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.

On October 7, 2022, the EPA published final notice reclassifying the HGB Area from "serious" to "severe" under the 2008 Ozone Standard, effective November 7, 2022. The "severe" nonattainment area classification 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 attainment deadline for the HGB Area under the 2008 Ozone Standard is July 20, 2027, with an attainment year of 2026.

On October 7, 2022, the EPA published final notice reclassifying the HGB Area from "marginal" to "moderate" under the 2015 Ozone Standard, effective November 7, 2022. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties. The attainment deadline for the HGB Area under the 2015 Ozone Standard is August 3, 2024, with an attainment year of 2023.

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. As a result of the HGB Area's reclassification, the TCEQ must submit revisions of the SIP to the EPA no later than January 1, 2023, addressing the "moderate" nonattainment classification and by May 2024 addressing the "severe" nonattainment classification.

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. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

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

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

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

Changes in Tax Legislation

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

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect, and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS (except for information under the subheadings "- Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT—Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; 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 Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that is will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purpose, and in addition, will rely on representations by the District and the Initial Purchaser with respect to matters solely within the knowledge of the District and the Initial Purchaser, 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 Initial Purchaser has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

Not Qualified Tax-Exempt Obligations

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

CONTINUING DISCLOSURE OF INFORMATION

In 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 events, to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A." 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.

Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final 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 obligations" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

During the last five years, the District has complied in all material respects with this agreement in accordance with the Rule.

OFFICIAL STATEMENT

General

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

Experts

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

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

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 22 as of the date shown on the first page hereof.

/s/ Rufus Zeigler III
President, Board of Directors
Brazoria County Municipal Utility District No. 22

ATTEST:

/s/ Alfred Horace
Secretary, Board of Directors
Brazoria County Municipal Utility District No. 22

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT FOR THE FISCAL YEAR ENDED AUGUST 31, 2022

Brazoria County Municipal Utility District No. 22

Brazoria and Fort Bend Counties, Texas

Independent Auditor's Report and Financial Statements

August 31, 2022

Brazoria County Municipal Utility District No. 22
August 31, 2022

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forvis.com

Independent Auditor's Report

Board of Directors
Brazoria County Municipal Utility District No. 22
Brazoria and Fort Bend Counties, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 22 (the District), as of and for the year ended August 31, 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 August 31, 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 audit. 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.

Other Information

Management is responsible for the other information included in the basic financial statements. The other information comprises schedules required by the Texas Commission on Environmental Quality as listed in the table of contents. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

FORVIS, LLP

Houston, Texas
January 13, 2023

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.

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.

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

	2022	2021
Current and other assets	$ 5,821,503	$ 5,291,361
Capital assets	49,509,024	43,898,574
Total assets	$ 55,330,527	$ 49,189,935
Long-term liabilities	$ 53,908,702	$ 48,283,077
Other liabilities	3,619,143	4,201,748
Total liabilities	57,527,845	52,484,825
Net position:		
Net investment in capital assets	(7,329,356)	(7,602,735)
Restricted	1,027,564	837,393
Unrestricted	4,104,474	3,470,452
Total net position	$ (2,197,318)	$ (3,294,890)

The total net position of the District increased by $1,097,572 or about 33 percent. The majority of the increase in net position is related to property tax revenue intended to pay principal on the District's bonded indebtedness which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2022	2021
Revenues:		
Property taxes	$ 3,960,487	$ 3,441,704
Charges for services	1,542,287	1,225,990
Other revenues	680,594	668,802
Total revenues	6,183,368	5,336,496

Summary of Changes in Net Position (Continued)

	2022	2021
Expenses:		
Services	$ 2,328,314	$ 2,112,953
Depreciation	1,090,085	955,530
Debt service	1,667,397	1,578,341
Total expenses	5,085,796	4,646,824
Change in net position	1,097,572	689,672
Net position, beginning of year	(3,294,890)	(3,984,562)
Net position, end of year	$ (2,197,318)	$ (3,294,890)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended August 31, 2022, were $5,200,134, an increase of $547,943 from the prior year.

The general fund's fund balance increased by $588,837 due to property taxes and services revenues exceeding service operations and capital outlay expenditures, as well as tap connection and inspection fee revenues exceeding related expenditures.

The debt service fund's fund balance increased by $327,409 due to property taxes and proceeds received from a current year bond sale exceeding debt service requirements.

The capital projects fund's fund balance decreased by $368,303 due to debt issuance costs, principal retirement on the bond anticipation note and capital outlay expenditures exceeding net proceeds received from a current year bond sale and bond anticipation note.

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, water and sewer service and fire protection revenues, tap connection and inspection fees revenue and related expenditures, other income and purchased services, contracted services and repairs and maintenance expenditures being greater than expected. In addition, capital outlay expenditures incurred and an interfund transfer received were not budgeted. The fund balance as of August 31, 2022, was expected to be $4,536,360 and the actual end-of-year fund balance was $4,018,187.

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 improvements	$ 10,222,596	$ 9,901,372
Construction in progress	1,524,492	912,728
Water facilities	8,379,152	7,392,150
Wastewater facilities	12,824,468	11,224,196
Drainage facilities	16,558,316	14,468,128
Total capital assets	$ 49,509,024	$ 43,898,574

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

Land improvements, including detention and drainage facilities, Phase 6, to serve Savannah and mass grading and detention facilities, Phase 8B, to serve Savannah	$ 208,553
Land acquisitions to serve Stewart Heights, Sections 10, 14 and 15	112,671
Construction and engineering in progress related to reverse osmosis plant improvements and wastewater treatment plant expansion, Phase 5	901,429
Savannah master irrigation plan	468,567
Water, sanitary sewer and drainage facilities for Stewart Heights, Sections 9, 10, 13, 15, 17, 19, 21, 22 and 24, and for CR 58, Phases 4 and 5, Contracts 1 and 2	5,009,315
Total additions to capital assets	$ 6,700,535

The developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developer for these facilities from the proceeds of future bond issues subject to the approval of the Commission. As of August 31, 2022, a liability for developer-constructed capital assets of $10,103,327 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended August 31, 2022, are summarized as follows:

Long-term debt payable, beginning of year	$ 48,283,077
Increases in long-term debt	16,041,510
Decreases in long-term debt	(10,415,885)
Long-term debt payable, end of year	$ 53,908,702

At August 31, 2022, the District had $137,475,000 of unlimited tax bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and for refunding such bonds. Also, the District had $12,320,000 of unlimited tax bonds authorized but unissued for the purpose of constructing recreational facilities within the District, and for refunding such bonds, and $1,000,000 of unlimited tax bonds authorized, but unissued, for fire-fighting facilities within the District.

The District's bonds carry an underlying rating of "Baa2" from Moody's Investors Service. The Series 2017, 2021 and 2022 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2018, 2018A, 2019 and 2020 bonds carry a "AA" rating from Standard & Poor's and a "A1" rating from Moody's Investors Service by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

Other Relevant Factors

Relationship to the City of Pearland

The District entered into a Strategic Partnership Agreement (SPA) with the City of Pearland (the City) effective July 1, 2002. Pursuant to the SPA, the District will continue to provide water, sewer and drainage services to all properties within its boundaries until annexation subject to certain regionalization requirements. The District has also entered into a Fire Protection Agreement with the City effective September 19, 2002, for fire and emergency medical services in the District. The District terminated the Fire Protection Agreement with the City by mutual agreement, effective December 31, 2019.

On December 23, 2019, the District entered into an Interlocal Agreement for Emergency Services (the Agreement) with Brazoria County Emergency Services District No. 3 (ESD No. 3) and Brazoria County Municipal Utility District No. 21 (District No. 21), effective January 1, 2020 (the Commencement Date). ESD No. 3 agrees to provide emergency medical, emergency ambulance, fire protection and suppression and rescue services within the boundaries of the District. The initial term of the Agreement is 24 months and will be automatically renewed on every second subsequent anniversary of the Commencement Date for an additional two years. Any party to the Agreement may terminate this agreement upon 270 days written notice to the other parties. An initial payment of $78,125 was due upon execution of the Agreement or no later than December 31, 2019, and seven quarterly installment payments of $78,125 were due to ESD No. 3. After the initial term, the rate of compensation will be adjusted once a year based on the Consumer Price Index (CPI). As of January 1, 2022, the rate of compensation was increased by 5.3 percent based on the most recently published CPI. The annual compensation to be paid by District No. 21 and the District for 2022 is $329,062 for a total of $658,124 to be paid to ESD No. 3 in quarterly installments. During the current year, the District recorded payments totaling $324,922 in accordance with the Agreement.

Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately $273,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Event

On October 31, 2022, the District issued its Series 2022 Bond Anticipation Note in the amount of $6,290,000. The note is dated October 31, 2022, bears interest at the rate of 4.33 percent and matures October 30, 2023, unless called for early redemption. The note was issued to reimburse the developer for projects constructed within the District.

Brazoria County Municipal Utility District No. 22

Statement of Net Position and Governmental Funds Balance Sheet

August 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 3,623,530	$ 954,067	$ 8,807	$ 4,586,404	$ -	$ 4,586,404
Certificates of deposit	496,732	248,942	-	745,674	-	745,674
Receivables:						
Property taxes	4,017	6,895	-	10,912	-	10,912
Service accounts	367,177	-	-	367,177	-	367,177
Accrued interest	1,352	957	-	2,309	-	2,309
Interfund receivables	29,363	-	-	29,363	(29,363)	-
Operating reserve	101,502	-	-	101,502	-	101,502
Prepaid expenditures	7,525	-	-	7,525	-	7,525
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	10,222,596	10,222,596
Construction in progress	-	-	-	-	1,524,492	1,524,492
Infrastructure	-	-	-	-	37,761,936	37,761,936
Total assets	$ 4,631,198	$ 1,210,861	$ 8,807	$ 5,850,866	$ 49,479,661	$ 55,330,527

Brazoria County Municipal Utility District No. 22
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
August 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 294,050	$ 1,330	$ 133	$ 295,513	$ -	$ 295,513
Retainage payable	82,270	-	-	82,270	-	82,270
Customer deposits	200,034	-	-	200,034	-	200,034
Due to other district	-	-	-	-	3,008,686	3,008,686
Unearned tap connection fees	32,640	-	-	32,640	-	32,640
Interfund payables	-	23,906	5,457	29,363	(29,363)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,385,000	1,385,000
Due after one year	-	-	-	-	52,523,702	52,523,702
Total liabilities	608,994	25,236	5,590	639,820	56,888,025	57,527,845
Deferred Inflows of Resources						
Deferred property tax revenues	4,017	6,895	0	10,912	(10,912)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	7,525	-	-	7,525	(7,525)	-
Restricted:						
Unlimited tax bonds	-	1,178,730	-	1,178,730	(1,178,730)	-
Water, sewer and drainage	-	-	3,217	3,217	(3,217)	-
Assigned, operating reserve	101,502	-	-	101,502	(101,502)	-
Unassigned	3,909,160	-	-	3,909,160	(3,909,160)	-
Total fund balances	4,018,187	1,178,730	3,217	5,200,134	(5,200,134)	0
Total liabilities, deferred inflows of resources and fund balances	$ 4,631,198	$ 1,210,861	$ 8,807	$ 5,850,866		
Net position:						
Net investment in capital assets					(7,329,356)	(7,329,356)
Restricted for debt service					1,024,347	1,024,347
Restricted for capital projects					3,217	3,217
Unrestricted					4,104,474	4,104,474
Total net position					$ (2,197,318)	$ (2,197,318)

Brazoria County Municipal Utility District No. 22

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

Year Ended August 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,469,069	$ 2,520,171	$ -	$ 3,989,240	$ (28,753)	$ 3,960,487
Water service	577,720	-	-	577,720	-	577,720
Sewer service	622,067	-	-	622,067	-	622,067
Fire protection	336,859	-	-	336,859	-	336,859
Groundwater conservation district fee	5,641	-	-	5,641	-	5,641
Penalty and interest	31,761	31,325	-	63,086	-	63,086
Tap connection and inspection fees	447,008	-	-	447,008	-	447,008
Investment income	2,581	2,046	111	4,738	-	4,738
Other income	165,762	-	-	165,762	-	165,762
Total revenues	3,658,468	2,553,542	111	6,212,121	(28,753)	6,183,368
Expenditures/Expenses						
Service operations:						
Purchased services	615,163	-	-	615,163	-	615,163
Professional fees	115,895	10,514	-	126,409	99,824	226,233
Contracted services	795,977	50,314	-	846,291	-	846,291
Utilities	46,807	-	-	46,807	-	46,807
Repairs and maintenance	348,451	-	-	348,451	-	348,451
Other expenditures	64,996	10,321	232	75,549	-	75,549
Tap connections	169,820	-	-	169,820	-	169,820
Capital outlay	929,839	-	6,658,820	7,588,659	(7,588,659)	-
Depreciation	-	-	-	-	1,090,085	1,090,085
Debt service:						
Principal retirement	-	1,115,000	3,920,000	5,035,000	(5,035,000)	-
Interest and fees	-	1,201,262	29,070	1,230,332	33,402	1,263,734
Debt issuance costs	12,900	-	390,763	403,663	-	403,663
Total expenditures/expenses	3,099,848	2,387,411	10,998,885	16,486,144	(11,400,348)	5,085,796
Excess (Deficiency) of Revenues Over Expenditures	558,620	166,131	(10,998,774)	(10,274,023)	11,371,595	

Brazoria County Municipal Utility District No. 22

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

Year Ended August 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	$ 30,217	$ -	$ (30,217)	$ -	$ -	
General obligation bonds issued	-	161,278	6,953,722	7,115,000	(7,115,000)	
Discount on debt issued	-	-	(213,034)	(213,034)	213,034	
Bond anticipation note issued	-	-	3,920,000	3,920,000	(3,920,000)	
Total other financing sources	30,217	161,278	10,630,471	10,821,966	(10,821,966)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	588,837	327,409	(368,303)	547,943	(547,943)	
Change in Net Position					1,097,572	$ 1,097,572
Fund Balances/Net Position						
Beginning of year	3,429,350	851,321	371,520	4,652,191	-	(3,294,890)
End of year	$ 4,018,187	$ 1,178,730	$ 3,217	$ 5,200,134	$ 0	$ (2,197,318)

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

Brazoria County Municipal Utility District No. 22 (the District) was created by an order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective June 18, 2001, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides solid waste disposal service.

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.

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.

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.

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. 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.

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 August 31, 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 August 31, 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

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.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are recognized as a liability or asset, respectively, 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 bond premiums and discounts 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 Balance

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.	$ 49,509,024
Property tax revenue recognition and the related reduction of deferred inflows of resources, are subject to availability of funds in the fund financial statements.	10,912
Amounts due to other district are not due and payable in the current period and are not reported in the funds.	(3,008,686)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	(53,908,702)
Adjustment to fund balances to arrive at net position.	$ (7,397,452)

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

Change in fund balances.	$ 547,943
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation and noncapitalized costs in the current year.	6,398,750
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.	213,034
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.	(6,000,000)
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(28,753)
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.	(33,402)
Change in net position of governmental activities.	$ 1,097,572

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 August 31, 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," certificates of deposit of financial institutions domiciled in Texas, 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.

At August 31, 2022, the District had no investments.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended August 31, 2022, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Reclassifi-cations	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	$ 9,901,372	$ 321,224	$ -	$ 10,222,596
Construction in progress	912,728	901,429	(289,665)	1,524,492
Total capital assets, non-depreciable	10,814,100	1,222,653	(289,665)	11,747,088

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Reclassifi- cations	Balances, End of Year
Capital assets, depreciable:				
Water production and distribution facilities	$ 8,455,022	$ 1,295,268	$ -	$ 9,750,290
Wastewater collection and treatment facilities	12,745,771	1,681,643	289,665	14,717,079
Drainage facilities	15,826,258	2,500,971	-	18,327,229
Total capital assets, depreciable	37,027,051	5,477,882	289,665	42,794,598
Less accumulated depreciation:				
Water production and distribution facilities	(1,062,872)	(308,266)	-	(1,371,138)
Wastewater collection and treatment facilities	(1,521,575)	(371,036)	-	(1,892,611)
Drainage facilities	(1,358,130)	(410,783)	-	(1,768,913)
Total accumulated depreciation	(3,942,577)	(1,090,085)	0	(5,032,662)
Total governmental activities, net	$ 43,898,574	$ 5,610,450	$ 0	$ 49,509,024

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended August 31, 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	$ 39,085,000	$ 7,115,000	$ 1,115,000	$ 45,085,000	$ 1,385,000
Less discounts on bonds	1,099,993	213,034	33,402	1,279,625	-
	37,985,007	6,901,966	1,081,598	43,805,375	1,385,000
Bond anticipation notes	-	3,920,000	3,920,000	-	-
Due to developer	10,298,070	5,219,544	5,414,287	10,103,327	-
Total governmental activities long-term liabilities	$ 48,283,077	$ 16,041,510	$ 10,415,885	$ 53,908,702	$ 1,385,000

General Obligation Bonds

	Series 2016	Series 2017
Amounts outstanding, August 31, 2022	$4,255,000	$4,620,000
Interest rates	2.00% to 3.75%	2.25% to 4.75%
Maturity dates, serially beginning/ending	September 1, 2023/2041	September 1, 2023/2042
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2024	September 1, 2025

	Series 2018	Series 2018A
Amounts outstanding, August 31, 2022	$3,885,000	$6,820,000
Interest rates	2.75% to 5.00%	3.00% to 5.50%
Maturity dates, serially beginning/ending	September 1, 2023/2043	September 1, 2023/2044
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2023	September 1, 2023

	Series 2019	Series 2020
Amounts outstanding, August 31, 2022	$3,005,000	$9,260,000
Interest rates	2.00% to 4.50%	2.00% to 4.50%
Maturity dates, serially beginning/ending	September 1, 2023/2044	September 1, 2023/2045
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2024	September 1, 2025

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

	Series 2021	Series 2022
Amounts outstanding, August 31, 2022	$6,125,000	$7,115,000
Interest rates	2.00% to 4.50%	3.75% to 6.25%
Maturity dates, serially beginning/ending	September 1, 2023/2046	September 1, 2023/2047
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2026	September 1, 2027

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

Annual Debt Service Requirements

The District paid the amount due September 1 within the current fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in future years. The schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at August 31, 2022:

Year	Principal	Interest	Total
2023	$ 1,385,000	$ 1,507,159	$ 2,892,159
2024	1,445,000	1,404,780	2,849,780
2025	1,505,000	1,342,217	2,847,217
2026	1,555,000	1,282,969	2,837,969
2027	1,600,000	1,230,582	2,830,582
2028-2032	8,700,000	5,409,002	14,109,002
2033-2037	10,080,000	4,003,979	14,083,979
2038-2042	11,735,000	2,298,732	14,033,732
2043-2047	7,080,000	503,830	7,583,830
Total	$ 45,085,000	$ 18,983,250	$ 64,068,250

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.

Tax and refunding bonds voted	$ 185,920,000
Tax bonds sold	48,445,000
Recreational facilities and refunding bonds voted	12,320,000
Fire-fighting facilities bonds voted	1,000,000

Due to Developer

The developer within the District has constructed facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $10,103,327. These amounts have been recorded in the financial statements as long-term liabilities.

Bond Anticipation Note

On October 26, 2021, the District issued its Series 2021 Bond Anticipation Note (the note) in the amount of $3,920,000. The note is dated October 26, 2021, and bears interest at the rate of 1.01 percent and matures October 25, 2022. During the current year, the note was called for early redemption with proceeds from the sale of the Series 2022 Unlimited Tax Bonds.

Note 5: Significant Bond Resolutions and Commission Requirements

A. The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended August 31, 2022, the District levied an ad valorem debt service tax at the rate of $0.7900 per $100 of assessed valuation, which resulted in a tax levy of $2,503,352 on the taxable valuation of $316,880,061 for the 2021 tax year. The principal and interest requirements paid from tax revenues and available resources was $2,312,771.

B. In accordance with the Series 2021 and Series 2022 Bond Resolutions, a portion of the bond proceeds were 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	$	43,417
Additions--Interest appropriated from bond proceeds:		
Series 2022		161,278
Deductions--Appropriation from bond interest paid:		
Series 2021		43,417
Bond interest reserve, end of year	$	161,278

C. During the current year, the District transferred $30,217 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held August 11, 2001, 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 August 31, 2022, the District levied an ad valorem maintenance tax at the rate of $0.4600 per $100 of assessed valuation, which resulted in a tax levy of $1,457,649 on the taxable valuation of $316,880,061 for the 2021 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Facilities and Services Policy

On May 9, 2019, the District approved a resolution adopting a policy regarding facilities and services for 42 lots (the Lots) within the District, that are also within the corporate limits of the City of Pearland (the City). The District has financed and provides water, sewer and drainage facilities to serve the Lots which are within Stewart Heights at Savannah, Sections 8, 12 and 18. The District provides others facilities and services (Additional Services), such as park and recreational facilities and supplemental law enforcement services to its residents in its boundaries whose property is within the extraterritorial jurisdiction of the City. As the City is responsible for providing the Additional Services to the Lots and the District will not substantially provide the Additional Services, the District will make an annual payment to each property owner of the Lots in lieu of providing such Additional Services. The District will make the annual payments, equal to the lesser of the total tax bill from the City or the maintenance tax portion of the District's tax bill for the applicable year, on or before the last day of February each year, if the applicable taxes were paid timely by the property owners. During the current year, the Board rescinded the policy for the 2022 tax year and all subsequent tax years, following the City's disannexation of the majority of the property within the Lots.

Note 8: Strategic Partnership Agreement

The District entered into a Strategic Partnership Agreement (SPA) with the City of Pearland (the City) effective July 1, 2002, and as amended July 1, 2014. The SPA provides for the District to separately contract with the City for fire and emergency medical services in the District, which the District did until such contract was terminated by mutual consent when the District entered into an Interlocal Agreement for Emergency Services with Brazoria County Emergency Services District No. 3 (ESD No. 3). See Note 9. The District will continue to provide water, sewer and drainage services to all properties within its boundaries until annexation subject to certain regionalization requirements. The City is authorized to annex any land developed for commercial purposes within the District for the limited purpose of levying and collecting its sales and use taxes within the area of limited purpose annexation in accordance with applicable law.

Note 9: Joint Facilities/Cost Sharing Agreement

The District and Brazoria County Municipal Utility District No. 21 (District No. 21) (collectively, the districts), entered into a Joint Facilities/Cost Sharing Agreement (Joint Agreement) on March 15, 2010, for the financing and operation of joint water supply, sewage treatment plant and drainage facilities and a fire station to serve the areas within both districts. Operation and maintenance costs will be allocated to each district based on the total number of active connections within each district's boundaries over the total number of active connections within both districts.

The districts acknowledge and agree that District No. 21 owns legal title to the joint water supply, sewage treatment plant and drainage facilities (the Facilities) for the benefit of both districts. Each district owns capacity and has an equitable interest in the Facilities according to their pro rata shares. In prior years, District No. 21 funded the construction of the Facilities, and the District began reimbursing for its pro rata share of the Facilities. As of August 31, 2022, the District has reimbursed District No. 21 $4,149,654 and has a remaining balance owed of $3,008,686.

The agreement was first amended on August 18, 2015, whereas District No. 21 was allocated an additional 471 ESFCs in the water supply facilities and 481 ESFCs in the wastewater treatment facilities. The second amendment to the Joint Agreement, dated July 15, 2019, allocated to the District an additional 142 ESFCs in the water supply facilities and 142 ESFCs in the wastewater treatment facilities. The following table shows each district's current share in the wastewater treatment plant, water plant and remote water well No. 1:

	ESFCs	Percentage
District No. 21	1,846	50.35 %
The District	1,820	49.65
	3,666	100.00 %

The District has deposited $56,010 in District No. 21's joint water plant fund and $45,492 in its joint wastewater treatment plant fund as the District's share of an operating reserve. During the current year, the District paid $366,798 and $248,365 for its share of water and sewer service expenses, respectively.

Note 10: Fire Protection/Emergency Medical Services Agreement

The Districts entered into a Fire Protection/Emergency Medical Services Agreement (Fire Agreement) with the City and Pearland Volunteer Fire Department effective September 19, 2002, for an initial term of 30 years, to provide fire protection services to the Districts in return for payment of monthly fire protection fees. The Districts agreed to finance and construct a fire station and related fixed appurtenances within one of the Districts, which was constructed in a prior year. The Districts are responsible for the maintenance and operational costs of the fire station, including utilities, building maintenance and insurance costs.

During a prior year, District No. 21 funded the construction of the fire station. In accordance with the Joint Agreement, the District will reimburse District No. 21 $500,000 (adjusted for inflation) with proceeds from the sale of bonds. During prior years, the District made an initial payment of $250,000 and the final payment of $294,704 to District No. 21 per the Joint Agreement. The District terminated the Fire Protection Agreement with the City by mutual agreement, effective December 31, 2019.

On December 23, 2019, the District entered into an Interlocal Agreement for Emergency Services (the Agreement) with Brazoria County Emergency Services District No. 3 (ESD No. 3) and District No. 21, effective January 1, 2020 (the Commencement Date). ESD No. 3 agrees to provide emergency medical, emergency ambulance, fire protection and suppression and rescue services within the boundaries of the District. The initial term of the Agreement is 24 months and will be automatically renewed on every second subsequent anniversary of the Commencement Date for an additional two years. Any party to the Agreement may terminate this agreement upon 270 days written notice to the other parties. An initial payment of $78,125 was due upon execution of the Agreement or no later than December 31, 2019, and seven quarterly installment payments of $78,125 were due to ESD No. 3. After the initial term, the rate of compensation will be adjusted once a year based on the Consumer Price Index (CPI). As of January 1, 2022, the rate of compensation was increased by 5.3 percent based on the most recently published CPI. The annual compensation to be paid by District No. 21 and the District for 2022 is $329,062 for a total of $658,124 to be paid to ESD No. 3 in quarterly installments. During the current year, the District recorded payments totaling $324,922 in accordance with the Agreement.

Note 11: Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the District carried commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 12: Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately $273,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 13: Subsequent Event

On October 31, 2022, the District issued its Series 2022 Bond Anticipation Note in the amount of $6,290,000. The note is dated October 31, 2022, bears interest at the rate of 4.33 percent and matures October 30, 2023, unless called for early redemption. The note was issued to reimburse the developer for projects constructed within the District.

Required Supplementary Information

Brazoria County Municipal Utility District No. 22
Budgetary Comparison Schedule – General Fund
Year Ended August 31, 2022

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 1,346,892	$ 1,469,069	$ 122,177
Water service	475,000	577,720	102,720
Sewer service	425,000	622,067	197,067
Fire protection	241,000	336,859	95,859
Groundwater conservation district fee	3,100	5,641	2,541
Penalty and interest	-	31,761	31,761
Tap connection and inspection fees	235,000	447,008	212,008
Investment income	5,000	2,581	(2,419)
Other income	19,000	165,762	146,762
Total revenues	2,749,992	3,658,468	908,476
Expenditures			
Service operations:			
Purchased services	356,703	615,163	(258,460)
Professional fees	141,500	115,895	25,605
Contracted services	696,875	795,977	(99,102)
Utilities	30,000	46,807	(16,807)
Repairs and maintenance	207,354	348,451	(141,097)
Other expenditures	100,550	64,996	35,554
Tap connections	110,000	169,820	(59,820)
Capital outlay	-	929,839	(929,839)
Debt service, debt issuance costs	-	12,900	(12,900)
Total expenditures	1,642,982	3,099,848	(1,456,866)
Excess of Revenues Over Expenditures	1,107,010	558,620	(548,390)
Other Financing Sources			
Interfund transfers in	-	30,217	30,217
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	1,107,010	588,837	(518,173)
Fund Balance, Beginning of Year	3,429,350	3,429,350	-
Fund Balance, End of Year	$ 4,536,360	$ 4,018,187	$ (518,173)

Brazoria County Municipal Utility District No. 22
Notes to Required Supplementary Information
August 31, 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.

Other Information

Brazoria County Municipal Utility District No. 22

Other Schedules Included Within This Report

August 31, 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 15-30

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[X] Schedule of Long-term Debt Service Requirements by Years

[X] Changes in Long-term Bonded Debt

[X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years

[X] Board Members, Key Personnel and Consultants

Brazoria County Municipal Utility District No. 22

Schedule of Services and Rates

Year Ended August 31, 2022

1. Services provided by the District:

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

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

___ Other ______

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 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:	$ 34.58	5,000	N	$ 2.25	5,001	to	No Limit
Groundwater conservation district fee:	$ 0.03	1	N	$ 0.03	1,001	to	No Limit
Fire service:	$ 16.73	0	Y				

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

Total charges per 10,000 gallons usage (including fees): Water $ 31.05 Wastewater $ 45.83

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,703	1,688	x1.0	1,688
1"	5	5	x2.5	13
1 1/2"	-	-	x5.0	-
2"	23	23	x8.0	184
3"	-	-	x15.0	-
4"	1	1	x25.0	25
6"	1	1	x50.0	50
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,733	1,718		1,960
Total wastewater	1,707	1,692	x1.0	1,692

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

Gallons pumped into the system:	188,295
Gallons billed to customers:	188,295
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Brazoria County Municipal Utility District No. 22

Schedule of General Fund Expenditures

Year Ended August 31, 2022

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 17,900	
Legal	86,873	
Engineering	11,122	
Financial advisor	-	115,895
Purchased Services for Resale		
Bulk water and wastewater service purchases		615,163
Groundwater Conservation District Fee		-
Contracted Services		
Bookkeeping	17,044	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	102,143	119,187
Utilities		46,807
Repairs and Maintenance		348,451
Administrative Expenditures		
Directors' fees	12,900	
Office supplies	28,032	
Insurance	6,121	
Other administrative expenditures	17,943	64,996
Capital Outlay		
Capitalized assets	929,839	
Expenditures not capitalized	-	929,839
Tap Connection Expenditures		169,820
Solid Waste Disposal		351,868
Fire Fighting		324,922
Contribution to Other District		-
Debt Issuance Costs		12,900
Other Expenditures		-
Total expenditures		$ 3,099,848

Brazoria County Municipal Utility District No. 22

Schedule of Temporary Investments

August 31, 2022

	Interest Rate	Maturity Date		Face Amount		Accrued Interest Receivable
General Fund						
Certificates of Deposit						
No. 95900011983635	0.30%	02/26/23	$	247,799	$	379
No. 1852004999	0.45%	10/18/22		248,933		973
				496,732		1,352
Debt Service Fund						
Certificate of Deposit						
No. 1852005011	0.45%	10/23/22		248,942		957
Totals			$	745,674	$	2,309

Brazoria County Municipal Utility District No. 22
Analysis of Taxes Levied and Receivable
Year Ended August 31, 2022

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 15,639	$ 24,026
Additions and corrections to prior years' taxes	(202)	(312)
Adjusted receivable, beginning of year	15,437	23,714
2021 Original Tax Levy	1,384,780	2,378,208
Additions and corrections	72,869	125,144
Adjusted tax levy	1,457,649	2,503,352
Total to be accounted for	1,473,086	2,527,066
Tax collections: Current year	(1,453,651)	(2,496,487)
Prior years	(15,418)	(23,684)
Receivable, end of year	$ 4,017	$ 6,895
Receivable, by Years		
2021	$ 3,998	$ 6,865
2020	19	30
Receivable, end of year	$ 4,017	$ 6,895

Brazoria County Municipal Utility District No. 22

Analysis of Taxes Levied and Receivable (Continued)

Year Ended August 31, 2022

	2021	2020	2019	2018
Property Valuations				
Land	$ 63,543,707	$ 55,683,120	$ 44,318,100	$ 36,745,100
Improvements	278,178,275	231,030,211	183,003,080	134,529,013
Personal property	4,561,710	3,725,710	2,758,750	2,065,900
Exemptions	(29,403,631)	(25,469,255)	(22,406,910)	(18,528,040)
Total property valuations	$ 316,880,061	$ 264,969,786	$ 207,673,020	$ 154,811,973
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.7900	$ 0.7900	$ 0.8300	$ 0.7500
Maintenance tax rates*	0.4600	0.5100	0.5700	0.6500
Total tax rates per $100 valuation	$ 1.2500	$ 1.3000	$ 1.4000	$ 1.4000
Tax Levy	$ 3,961,001	$ 3,444,607	$ 2,907,422	$ 2,167,368
Percent of Taxes Collected to Taxes Levied**	99%	99%	100%	100%

*Maximum tax rate approved by voters: $1.50 on August 11, 2001

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

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years

August 31, 2022

Due During Fiscal Years Ending August 31	Series 2016 Principal Due September 1	Series 2016 Interest Due March 1, September 1	Series 2016 Total
2023	$ 150,000	$ 144,619	$ 294,619
2024	155,000	140,719	295,719
2025	165,000	136,379	301,379
2026	170,000	131,594	301,594
2027	175,000	126,494	301,494
2028	185,000	121,244	306,244
2029	195,000	115,463	310,463
2030	200,000	109,125	309,125
2031	210,000	102,525	312,525
2032	220,000	95,437	315,437
2033	230,000	88,012	318,012
2034	235,000	79,962	314,962
2035	245,000	71,738	316,738
2036	260,000	63,163	323,163
2037	270,000	54,063	324,063
2038	280,000	44,274	324,274
2039	290,000	34,125	324,125
2040	305,000	23,250	328,250
2041	315,000	11,813	326,813
Totals	$ 4,255,000	$ 1,693,999	$ 5,948,999

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years (Continued)

August 31, 2022

	Series 2017		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 155,000	$ 155,294	$ 310,294
2024	160,000	147,931	307,931
2025	170,000	144,331	314,331
2026	175,000	140,081	315,081
2027	180,000	135,706	315,706
2028	190,000	130,756	320,756
2029	195,000	125,056	320,056
2030	205,000	119,206	324,206
2031	210,000	112,800	322,800
2032	220,000	106,238	326,238
2033	230,000	99,088	329,088
2034	240,000	91,325	331,325
2035	250,000	83,225	333,225
2036	260,000	74,475	334,475
2037	270,000	65,375	335,375
2038	280,000	55,925	335,925
2039	290,000	46,125	336,125
2040	300,000	35,250	335,250
2041	315,000	24,000	339,000
2042	325,000	12,188	337,188
Totals	$ 4,620,000	$ 1,904,375	$ 6,524,375

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years (Continued)

August 31, 2022

	Series 2018		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 155,000	$ 131,362	$ 286,362
2024	160,000	123,612	283,612
2025	155,000	118,812	273,812
2026	160,000	114,163	274,163
2027	165,000	109,763	274,763
2028	160,000	105,225	265,225
2029	165,000	100,825	265,825
2030	170,000	95,874	265,874
2031	170,000	90,775	260,775
2032	170,000	85,463	255,463
2033	175,000	80,150	255,150
2034	180,000	74,463	254,463
2035	185,000	68,613	253,613
2036	185,000	62,368	247,368
2037	190,000	56,125	246,125
2038	195,000	49,237	244,237
2039	200,000	42,169	242,169
2040	205,000	34,918	239,918
2041	210,000	27,487	237,487
2042	260,000	19,875	279,875
2043	270,000	10,125	280,125
Totals	$ 3,885,000	$ 1,601,404	$ 5,486,404

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years (Continued)

August 31, 2022

	Series 2018A		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 205,000	$ 268,719	$ 473,719
2024	215,000	257,444	472,444
2025	220,000	245,619	465,619
2026	230,000	239,019	469,019
2027	240,000	232,119	472,119
2028	245,000	224,319	469,319
2029	255,000	216,355	471,355
2030	265,000	207,430	472,430
2031	275,000	197,494	472,494
2032	285,000	187,180	472,180
2033	295,000	176,494	471,494
2034	305,000	164,694	469,694
2035	320,000	152,494	472,494
2036	330,000	139,694	469,694
2037	345,000	126,494	471,494
2038	355,000	112,694	467,694
2039	370,000	98,494	468,494
2040	385,000	83,694	468,694
2041	395,000	68,294	463,294
2042	410,000	52,494	462,494
2043	430,000	36,094	466,094
2044	445,000	18,356	463,356
Totals	$ 6,820,000	$ 3,505,688	$ 10,325,688

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years (Continued)

August 31, 2022

	Series 2019		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 95,000	$ 90,300	$ 185,300
2024	105,000	86,025	191,025
2025	110,000	81,300	191,300
2026	110,000	77,450	187,450
2027	110,000	75,250	185,250
2028	120,000	73,050	193,050
2029	115,000	70,650	185,650
2030	115,000	67,200	182,200
2031	125,000	63,750	188,750
2032	125,000	60,000	185,000
2033	125,000	56,250	181,250
2034	135,000	52,500	187,500
2035	135,000	48,450	183,450
2036	140,000	44,400	184,400
2037	140,000	40,200	180,200
2038	150,000	36,000	186,000
2039	160,000	31,500	191,500
2040	165,000	26,700	191,700
2041	175,000	21,750	196,750
2042	175,000	16,500	191,500
2043	185,000	11,250	196,250
2044	190,000	5,700	195,700
Totals	$ 3,005,000	$ 1,136,175	$ 4,141,175

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years (Continued)

August 31, 2022

	Series 2020		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 250,000	$ 214,931	$ 464,931
2024	255,000	203,681	458,681
2025	270,000	192,206	462,206
2026	280,000	180,056	460,056
2027	290,000	174,456	464,456
2028	300,000	168,656	468,656
2029	310,000	162,656	472,656
2030	325,000	156,458	481,458
2031	330,000	149,956	479,956
2032	350,000	143,356	493,356
2033	360,000	136,356	496,356
2034	375,000	129,158	504,158
2035	385,000	121,656	506,656
2036	400,000	113,956	513,956
2037	420,000	105,956	525,956
2038	435,000	97,556	532,556
2039	450,000	88,313	538,313
2040	465,000	78,188	543,188
2041	485,000	67,725	552,725
2042	795,000	56,813	851,813
2043	555,000	38,924	593,924
2044	575,000	26,438	601,438
2045	600,000	13,500	613,500
Totals	$ 9,260,000	$ 2,820,951	$ 12,080,951

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years (Continued)

August 31, 2022

	Series 2021		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 155,000	$ 143,538	$ 298,538
2024	165,000	136,562	301,562
2025	170,000	129,138	299,138
2026	175,000	121,488	296,488
2027	185,000	113,612	298,612
2028	190,000	109,912	299,912
2029	200,000	106,112	306,112
2030	205,000	102,112	307,112
2031	215,000	98,012	313,012
2032	225,000	93,712	318,712
2033	230,000	89,212	319,212
2034	240,000	84,612	324,612
2035	250,000	79,812	329,812
2036	260,000	74,813	334,813
2037	270,000	69,613	339,613
2038	280,000	64,213	344,213
2039	295,000	58,612	353,612
2040	305,000	52,712	357,712
2041	320,000	46,232	366,232
2042	330,000	39,432	369,432
2043	345,000	32,419	377,419
2044	360,000	25,088	385,088
2045	370,000	16,988	386,988
2046	385,000	8,662	393,662
Totals	$ 6,125,000	$ 1,896,618	$ 8,021,618

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years (Continued)

August 31, 2022

	Series 2022		
Due During Fiscal Years Ending August 31	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 220,000	$ 358,396	$ 578,396
2024	230,000	308,806	538,806
2025	245,000	294,432	539,432
2026	255,000	279,118	534,118
2027	255,000	263,182	518,182
2028	255,000	247,244	502,244
2029	255,000	237,044	492,044
2030	250,000	226,844	476,844
2031	255,000	216,844	471,844
2032	245,000	206,644	451,644
2033	250,000	196,844	446,844
2034	245,000	186,844	431,844
2035	245,000	177,044	422,044
2036	240,000	167,244	407,244
2037	235,000	157,044	392,044
2038	230,000	147,056	377,056
2039	215,000	137,282	352,282
2040	215,000	127,874	342,874
2041	205,000	118,468	323,468
2042	200,000	109,500	309,500
2043	785,000	100,500	885,500
2044	375,000	65,174	440,174
2045	390,000	48,300	438,300
2046	405,000	30,750	435,750
2047	415,000	15,562	430,562
Totals	$ 7,115,000	$ 4,424,040	$ 11,539,040

The District pays the amount due September 1 prior to that date. This schedule shows the amounts due within the fiscal year assuming the practice will continue in the future.

Brazoria County Municipal Utility District No. 22

Schedule of Long-term Debt Service Requirements by Years (Continued)

August 31, 2022

Due During Fiscal Years Ending August 31	Annual Requirements For All Series: Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	$ 1,385,000	$ 1,507,159	$ 2,892,159
2024	1,445,000	1,404,780	2,849,780
2025	1,505,000	1,342,217	2,847,217
2026	1,555,000	1,282,969	2,837,969
2027	1,600,000	1,230,582	2,830,582
2028	1,645,000	1,180,406	2,825,406
2029	1,690,000	1,134,161	2,824,161
2030	1,735,000	1,084,249	2,819,249
2031	1,790,000	1,032,156	2,822,156
2032	1,840,000	978,030	2,818,030
2033	1,895,000	922,406	2,817,406
2034	1,955,000	863,558	2,818,558
2035	2,015,000	803,032	2,818,032
2036	2,075,000	740,113	2,815,113
2037	2,140,000	674,870	2,814,870
2038	2,205,000	606,955	2,811,955
2039	2,270,000	536,620	2,806,620
2040	2,345,000	462,586	2,807,586
2041	2,420,000	385,769	2,805,769
2042	2,495,000	306,802	2,801,802
2043	2,570,000	229,312	2,799,312
2044	1,945,000	140,756	2,085,756
2045	1,360,000	78,788	1,438,788
2046	790,000	39,412	829,412
2047	415,000	15,562	430,562
Totals	$ 45,085,000	$ 18,983,250	$ 64,068,250

Brazoria County Municipal Utility District No. 22

Changes in Long-term Bonded Debt

Year Ended August 31, 2022

	Bond		
	Series 2016	**Series 2017**	**Series 2018**
Interest rates	2.00% to 3.75%	2.25% to 4.75%	2.75% to 5.00%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2023/2041	September 1, 2023/2042	September 1, 2023/2043
Bonds outstanding, beginning of current year	$ 4,400,000	$ 4,770,000	$ 4,035,000
Bonds sold during the current year	-	-	-
Retirements, principal	145,000	150,000	150,000
Bonds outstanding, end of current year	$ 4,255,000	$ 4,620,000	$ 3,885,000
Interest paid during current year	$ 148,026	$ 162,419	$ 138,863

Paying agent's name and address:

Series 2016 - Amegy Bank, a division of ZB, N.A., Houston, Texas
Series 2017 - Amegy Bank, a division of ZB, N.A., Houston, Texas
Series 2018 - Amegy Bank, a division of ZB, N.A., Houston, Texas
Series 2018A - Zions Bankcorporation, National Association, Houston, Texas
Series 2019 - Zions Bankcorporation, National Association, Houston, Texas
Series 2020 - Zions Bankcorporation, National Association, Houston, Texas
Series 2021 - Zions Bankcorporation, National Association, Houston, Texas
Series 2022 - Regions Bank, Houston, Texas

Bond authority:	**Tax and Refunding Bonds**	**Recreational Facilities and Refunding Bonds**	**Fire-fighting Facilities Bonds**
Amount authorized by voters	$ 185,920,000	$ 12,320,000	$ 1,000,000
Amount issued	$ 48,445,000	$ -	$ -
Remaining to be issued	$ 137,475,000	$ 12,320,000	$ 1,000,000

Debt service fund cash and temporary investment balances as of August 31, 2022:	$ 1,203,009
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,562,730

Issues

Series 2018A		Series 2019		Series 2020		Series 2021		Series 2022		Totals	
3.00% to 5.50%		2.00% to 4.50%		2.00% to 4.50%		2.00% to 4.50%		3.75% to 6.25%			
March 1/ September 1		March 1/ September 1		March 1/ September 1		March 1/ September 1		March 1/ September 1			
September 1, 2023/2044		September 1, 2023/2044		September 1, 2023/2045		September 1, 2023/2046		September 1, 2023/2047			
$	7,020,000	$	3,090,000	$	9,495,000	$	6,275,000	$	-	$	39,085,000
	-		-		-		-		7,115,000		7,115,000
	200,000		85,000		235,000		150,000		-		1,115,000
$	6,820,000	$	3,005,000	$	9,260,000	$	6,125,000	$	7,115,000	$	45,085,000
$	279,719	$	94,125	$	224,331	$	150,288	$	0	$	1,197,771

Brazoria County Municipal Utility District No. 22
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended August 31,

	Amounts				
	2022	2021	2020	2019	2018
General Fund					
Revenues					
Property taxes	$ 1,469,069	$ 1,351,840	$ 1,187,638	$ 1,026,004	$ 864,996
Water service	577,720	454,971	375,458	310,530	241,915
Sewer service	622,067	500,330	392,763	299,302	215,113
Fire protection	336,859	266,459	208,807	175,447	130,467
Groundwater conservation district fee	5,641	4,230	4,219	3,091	2,693
Penalty and interest	31,761	18,761	8,133	16,159	10,038
Tap connection and inspection fees	447,008	530,293	249,110	258,229	270,159
Investment income	2,581	6,798	15,463	10,198	2,056
Other income	165,762	84,396	55,608	56,757	19,198
Total revenues	3,658,468	3,218,078	2,497,199	2,155,717	1,756,635
Expenditures					
Service operations:					
Purchased services	615,163	534,816	328,689	325,894	155,053
Professional fees	115,895	130,496	151,935	156,033	153,792
Contracted services	795,977	659,885	591,325	370,991	319,160
Utilities	46,807	32,779	31,102	18,399	13,096
Repairs and maintenance	348,451	295,205	285,051	324,744	143,414
Other expenditures	64,996	85,016	56,642	97,120	47,447
Tap connections	169,820	197,115	84,015	106,045	106,250
Capital outlay	929,839	18,709	390,794	-	9,900
Contribution to other districts	-	-	-	294,704	250,000
Debt service, debt issuance costs	12,900	30,217	-	47,346	68,024
Total expenditures	3,099,848	1,984,238	1,919,553	1,741,276	1,266,136
Excess of Revenues Over Expenditures	558,620	1,233,840	577,646	414,441	490,499
Other Financing Sources					
Interfund transfers in	30,217	-	63,122	56,189	36,175
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	588,837	1,233,840	640,768	470,630	526,674
Fund Balance, Beginning of Year	3,429,350	2,195,510	1,554,742	1,084,112	557,438
Fund Balance, End of Year	$ 4,018,187	$ 3,429,350	$ 2,195,510	$ 1,554,742	$ 1,084,112
Total Active Retail Water Connections	1,718	1,469	1,086	906	719
Total Active Retail Wastewater Connections	1,692	1,444	1,062	882	699

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
40.2 %	42.0 %	47.6 %	47.6 %	49.2 %
15.8	14.1	15.0	14.4	13.8
17.0	15.6	15.7	13.9	12.2
9.2	8.3	8.4	8.1	7.4
0.1	0.1	0.2	0.1	0.2
0.9	0.6	0.3	0.8	0.6
12.2	16.5	10.0	12.0	15.4
0.1	0.2	0.6	0.5	0.1
4.5	2.6	2.2	2.6	1.1
100.0	100.0	100.0	100.0	100.0
16.8	16.6	13.2	15.1	8.8
3.2	4.1	6.1	7.2	8.7
21.8	20.5	23.7	17.2	18.2
1.3	1.0	1.2	0.9	0.7
9.5	9.2	11.4	15.1	8.2
1.8	2.6	2.3	4.5	2.7
4.6	6.1	3.4	4.9	6.1
25.4	0.6	15.6	-	0.6
-	-	-	13.7	14.2
0.3	0.9	-	2.2	3.9
84.7	61.6	76.9	80.8	72.1
15.3 %	38.4 %	23.1 %	19.2 %	27.9 %

Brazoria County Municipal Utility District No. 22

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended August 31,

	Amounts				
	2022	2021	2020	2019	2018
Debt Service Fund					
Revenues					
Property taxes	$ 2,520,171	$ 2,092,383	$ 1,709,638	$ 1,160,656	$ 622,596
Penalty and interest	31,325	25,349	10,035	11,165	22,661
Investment income	2,046	2,566	7,873	5,698	1,535
Other income	-	50	-	160	80
Total revenues	2,553,542	2,120,348	1,727,546	1,177,679	646,872
Expenditures					
Current:					
Professional fees	10,514	10,039	1,556	6,761	4,430
Contracted services	50,314	42,969	32,550	28,590	17,622
Other expenditures	10,321	7,535	3,426	1,356	1,971
Debt service:					
Principal retirement	1,115,000	925,000	670,000	400,000	250,000
Interest and fees	1,201,262	1,149,090	885,900	750,862	419,253
Total expenditures	2,387,411	2,134,633	1,593,432	1,187,569	693,276
Excess (Deficiency) of Revenues Over Expenditures	166,131	(14,285)	134,114	(9,890)	(46,404)
Other Financing Sources					
General obligation bonds issued	161,278	75,143	117,228	200,609	80,182
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	327,409	60,858	251,342	190,719	33,778
Fund Balance, Beginning of Year	851,321	790,463	539,121	348,402	314,624
Fund Balance, End of Year	$ 1,178,730	$ 851,321	$ 790,463	$ 539,121	$ 348,402

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
98.7 %	98.7 %	98.9 %	98.6 %	96.3 %
1.2	1.2	0.6	0.9	3.5
0.1	0.1	0.5	0.5	0.2
-	0.0	-	0.0	0.0
100.0	100.0	100.0	100.0	100.0
0.4	0.5	0.1	0.6	0.7
2.0	2.0	1.9	2.4	2.7
0.4	0.4	0.2	0.1	0.3
43.7	43.6	38.8	33.9	38.7
47.0	54.2	51.3	63.8	64.8
93.5	100.7	92.3	100.8	107.2
6.5 %	(0.7) %	7.7 %	(0.8) %	(7.2) %

Brazoria County Municipal Utility District No. 22

Board Members, Key Personnel and Consultants

Year Ended August 31, 2022

Complete District mailing address:	Brazoria County Municipal Utility District No. 22 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	
District business telephone number:	713.860.6400	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		November 15, 2022
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
Joe White	Elected 05/20-05/24	$ 1,800	$ 0	President
Staci L. Posten	Elected 05/22-05/26	3,000	1,916	Vice President
Alfred Horace	Elected 05/20-05/24	2,250	1,136	Secretary
Rufus Zeigler	Appointed 10/21-05/24	1,950	832	Assistant Vice President
Ron Wefelmeyer	Elected 05/22-05/26	3,900	1,991	Assistant Secretary

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

Brazoria County Municipal Utility District No. 22

Board Members, Key Personnel and Consultants (Continued)

Year Ended August 31, 2022

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	07/21/03	$ 132,236 169,436	General Counsel Bond Counsel
Assessments of the Southwest, Inc.	07/19/01	26,679	Tax Assessor/ Collector
Brazoria County Appraisal District	Legislative Action	24,392	Appraiser
Environmental Development Partners, LLC	07/16/12	599,993	Operator
Fort Bend Central Appraisal District	Legislative Action	2,193	Appraiser
FORVIS, LLP	06/16/15	42,700	Auditor
LJA Engineering, Inc.	07/19/10	32,504	Engineer
Myrtle Cruz, Inc.	07/19/01	26,327	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	06/21/16	10,514	Delinquent Tax Attorney
Robert W. Baird & Co. Incorporated	02/17/15	183,882	Financial Advisor

Investment Officer			
Mary Jarmon	07/19/01	N/A	Bookkeeper

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)