OFFICIAL STATEMENT DATED AUGUST 22, 2023

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF THE DISTRICT AND UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE THEREOF, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES SUBJECT TO THE MATTERS DESCRIBED UNDER "TAX MATTERS," WHICH INCLUDES A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District has not designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

S&P Global Ratings (AGM Insured).."AA"
Moody's Investors Service, Inc. (AGM Insured) ...."A1"
Moody's Investors Service, Inc. (Underlying).................. "Baa2"

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 3A

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

$16,275,000 Unlimited Tax Bonds Series 2023	**$21,225,000 Unlimited Tax Road Bonds Series 2023**

Dated: September 1, 2023
Interest Accrues from: Date of Delivery **Due: September 1, as shown on the inside cover**

The $16,275,000 Unlimited Tax Bonds, Series 2023 (the "Utility Bonds") and the $21,225,000 Unlimited Tax Road Bonds, Series 2023 (the "Road Bonds," and together with the Utility Bonds, collectively referred to as the "Bonds"), are obligations of Fulshear Municipal Utility District No. 3A (the "District") and are not obligations of the State of Texas ("Texas"); Fort Bend County, Texas; Waller County, Texas; the City of Fulshear, Texas (the "City"); or any entity other than the District. Neither the full faith and credit nor the taxing power of Texas; Fort Bend County, Texas; Waller County, Texas; the City; nor any entity other than the District is pledged to the payment of principal of or interest on the Bonds.

The Bonds are dated September 1, 2023, and will accrue interest from the date of delivery, which is expected to be on or about September 27, 2023 (the "Date of Delivery"), with interest payable on March 1, 2024, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption and will be calculated on the basis of a 360-day year composed of 12, 30-day months. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of $5,000 or any integral multiple thereof, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until The DTC resigns or is discharged. So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The District has designated BOKF, NA, Dallas, Texas, as the initial paying agent/registrar for the Bonds (the "Paying Agent/Registrar").

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under separate municipal bond insurance policies to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP. ("AGM").**

ASSURED GUARANTY MUNICIPAL

The Utility Bonds represent the sixth series of unlimited tax bonds issued by the District from a total of $164,300,000 principal amount of unlimited tax bonds authorized by voters of the District for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system to serve the District, and the Road Bonds represent the sixth series of unlimited tax bonds issued by the District from a total of $87,900,000 principal amount of unlimited tax bonds authorized by voters of the District for the purpose of constructing or acquiring a road system to serve the District. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of two separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are subject to certain investment considerations described herein. Prospective purchasers of the Bonds should review this entire Official Statement, including particularly the section titled "INVESTMENT CONSIDERATIONS" before making an investment decision.

The Bonds are offered, when, as and if issued by the District, subject, among other things to the approval of the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about September 27, 2023.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS

$16,275,000 Unlimited Tax Bonds, Series 2023

$14,480,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 35986C (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 35986C (b)
2024	$ 415,000	6.500%	3.850%	LJ4	2036 (c)	$ 615,000	4.000%	4.250%	LW5
2025	380,000	6.500%	3.800%	LK1	2037 (c)	645,000	4.000%	4.300%	LX3
2026	400,000	6.500%	3.800%	LL9	2038 (c)	675,000	4.125%	4.350%	LY1
2027	415,000	6.500%	3.800%	LM7	2039 (c)	705,000	4.250%	4.400%	LZ8
2028	435,000	6.500%	3.800%	LN5	2040 (c)	735,000	4.250%	4.450%	MA2
2029	455,000	6.500%	3.800%	LP0	2041 (c)	770,000	4.250%	4.500%	MB0
2030 (c)	475,000	6.500%	3.800%	LQ8	2042 (c)	805,000	4.375%	4.550%	MC8
2031 (c)	495,000	6.500%	3.850%	LR6	2043 (c)	840,000	4.375%	4.600%	MD6
2032 (c)	520,000	4.000%	3.900%	LS4	***	***	***	***	***
2033 (c)	540,000	4.000%	4.000%	LT2	2046 (c)	960,000	4.500%	4.710%	MG9
2034 (c)	565,000	4.000%	4.100%	LU9	2047 (c)	1,000,000	4.500%	4.720%	MH7
2035 (c)	590,000	4.000%	4.200%	LV7	2048 (c)	1,045,000	4.500%	4.730%	MJ3

$1,795,000 Term Bond

$1,795,000 Term Bond Due September 1, 2045 (c)(d), Interest Rate: 4.500% (Price: $97.277) (a), CUSIP No. 35986C MF1 (b)

$21,225,000 Unlimited Tax Road Bonds, Series 2023

$18,885,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 35986C (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 35986C (b)
2024	$ 540,000	6.500%	3.850%	MK0	2036 (c)	$ 805,000	4.000%	4.250%	MX2
2025	495,000	6.500%	3.800%	ML8	2037 (c)	840,000	4.000%	4.300%	MY0
2026	520,000	6.500%	3.800%	MM6	2038 (c)	880,000	4.125%	4.350%	MZ7
2027	545,000	6.500%	3.800%	MN4	2039 (c)	920,000	4.250%	4.400%	NA1
2028	565,000	6.500%	3.800%	MP9	2040 (c)	960,000	4.250%	4.450%	NB9
2029	590,000	6.500%	3.800%	MQ7	2041 (c)	1,005,000	4.250%	4.500%	NC7
2030 (c)	620,000	6.500%	3.800%	MR5	2042 (c)	1,050,000	4.375%	4.550%	ND5
2031 (c)	645,000	6.500%	3.850%	MS3	2043 (c)	1,095,000	4.375%	4.600%	NE3
2032 (c)	675,000	4.000%	3.900%	MT1	***	***	***	***	***
2033 (c)	705,000	4.000%	4.000%	MU8	2046 (c)	1,250,000	4.500%	4.710%	NH6
2034 (c)	740,000	4.000%	4.100%	MV6	2047 (c)	1,305,000	4.500%	4.720%	NJ2
2035 (c)	770,000	4.000%	4.200%	MW4	2048 (c)	1,365,000	4.500%	4.730%	NK9

$2,340,000 Term Bond

$2,340,000 Term Bond Due September 1, 2045 (c)(d), Interest Rate: 4.500% (Price: $97.277) (a), CUSIP No. 35986C NG8 (b)

(a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchasers. 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 optional redemption date. Accrued interest is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association, and are included solely for the convenience of the owners of the Bonds. None of the District, the Financial Advisor (herein defined), or the Initial Purchasers shall be responsible for the selection or correctness of the CUSIP numbers.

(c) The Bonds maturing on and after September 1, 2030, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2029, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*."

(d) Subject to mandatory redemption as provided under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, 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 (herein defined) for further information.

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

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Utility 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 "Utility Bond Initial Purchaser") to purchase the Utility Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" at a price of 97.004360% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.676678%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Road 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 "Road Bond Initial Purchaser") to purchase the Road Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" at a price of 97.009723% of the par value thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.676039%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Throughout this Official Statement, the term "Initial Purchasers" refers to the Utility Bond Initial Purchaser in its capacity as purchaser of the Utility Bonds as well as the Road Bond Initial Purchaser as purchaser of the Road Bonds.

Prices and Marketability

Other than as set forth in each Official Notice of Sale for the Bonds, 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 Purchasers 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. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Other than as set forth in each Official Notice of Sale for the Bonds, the District has no understanding with the Initial Purchasers regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchasers.

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 Purchasers after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the SEC 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 in such other jurisdictions.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issue a separate Municipal Bond Insurance Policy for each series of the Bonds (each a "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” to this Official Statement.

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

Assured Guaranty Municipal Corp.

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

AGM’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 13, 2023, S&P announced it had affirmed AGM’s financial strength rating of “AA” (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

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

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

Capitalization of AGM

At June 30, 2023:

- The policyholders’ surplus of AGM was approximately $2,702 million.

- The contingency reserve of AGM was approximately $894 million.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,089 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023).

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

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

Miscellaneous Matters

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

RATINGS

The Bonds have received an insured rating of "AA" (stable outlook) from S&P solely in reliance upon the issuance and delivery of the Policy by AGM at the time of delivery of the Bonds. 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 Bonds are expected to receive an insured rating of "A1" (stable outlook) from Moody's solely in reliance upon the issuance and delivery of the Policy by AGM at the time of delivery of the Bonds. Moody's has assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings 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 District is not aware of any rating assigned to the Bonds other than the ratings of S&P and Moody's.

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OFFICIAL STATEMENT SUMMARY

The following 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 more complete information contained herein. A full review should be made of this entire Official Statement and of the documents summarized or described herein.

THE BONDS

The District	Fulshear Municipal Utility District No. 3A (the "District"), a political subdivision of the State of Texas ("Texas"), is located in Fort Bend County, Texas, and Waller County, Texas. See "THE DISTRICT."
The Bonds	The District's $16,275,000 Unlimited Tax Bonds, Series 2023 (the "Utility Bonds") are dated September 1, 2023, and mature on September 1 in the years and in the principal amounts as shown on the inside cover. The District's $21,225,000 Unlimited Tax Road Bonds, Series 2023 (the "Road Bonds," and together with the Utility Bonds, collectively referred to as the "Bonds") are also dated September 1, 2023, and mature on September 1 in the years and in the principal amounts as shown on the inside cover. The Bonds are dated September 1, 2023, and will accrue interest from the date of delivery, which is expected to be on or about September 27, 2023 (the "Date of Delivery"), with interest payable on March 1, 2024, and on each September 1 and March 1 thereafter (each an "Interest Payment Date"). See "THE BONDS."
Redemption of the Bonds	The Bonds maturing on and after September 1, 2030, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2029, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption*." The Utility Bonds maturing on September 1, 2024, through September 1, 2043, both inclusive, and 2046 through 2048, both inclusive, are serial bonds. The Utility Bond maturing on September 1, 2045, is a term bond, which has certain mandatory redemption provisions set out herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*." The Road Bonds maturing on September 1, 2024, through September 1, 2043, both inclusive, and 2046 through 2048, both inclusive, are serial bonds. The Road Bond maturing on September 1, 2045, is a term bond, which has certain mandatory redemption provisions set out herein under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption*."
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, pursuant to the Book-Entry-Only System (herein defined). 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 (herein defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) to Cede & Co., which will make distribution of the amounts so paid to the

participating members of The Depository Trust Company for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."

Source of Payment .... Principal of and interest on the Bonds are payable from the proceeds of two separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of Texas; Fort Bend County, Texas; Waller County, Texas; the City of Fulshear, Texas (the "City"); or any political subdivision or entity other than the District. See "THE BONDS – Source of Payment."

Payment Record.. The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness. See "THE BONDS – Payment Record" and "THE BONDS – Source of Payment."

Authority for Issuance....................................... The Utility Bonds are issued pursuant to (i) an order of the Texas Commission on Environmental Quality (the "TCEQ"); (ii) an order adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Utility Bonds (the "Utility Bond Order"); (iii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iv) Senate Bill 1910, 83rd Texas Legislature, Regular Session, codified at Chapter 8487, Texas Special District Local Laws Code, effective September 1, 2013 (the "Act"); (v) Article XVI, Section 59, of the Texas Constitution; and (vi) an election held within the District on November 3, 2015.

The Road Bonds are issued pursuant to (i) an order adopted by the Board on the date of the sale of the Road Bonds (the "Road Bond Order"); (ii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iii) the Act; (iv) Article III, Section 52, of the Texas Constitution; and (v) an election held within the District on November 3, 2015. See "THE BONDS – Authority for Issuance."

Voted Authorization... At an election held within the District on November 3, 2015, voters of the District authorized the issuance of a total of $164,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system to serve the District (the "Utility System"), a total of $87,900,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System"), and a total of $38,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. Additional amounts may be authorized. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $113,230,000 for the purpose of constructing or acquiring the Utility System; $44,530,000 for the purpose of constructing or acquiring the Road System; and $38,000,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District. See "THE BONDS – Issuance of Additional Debt."

Outstanding Bonds .... The following bonds have been previously issued by the District for the purpose of constructing or acquiring the Utility System: $4,860,000 Unlimited Tax Utility Bonds, Series 2018; $5,670,000 Unlimited Tax Bonds, Series 2019; $5,180,000 Unlimited Tax Bonds,

	Series 2020; \$7,355,000 Unlimited Tax Bonds, Series 2021; and \$11,730,000 Unlimited Tax Bonds, Series 2023. Of such bonds, \$32,720,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Utility Bonds"). The following bonds have been previously issued by the District for the purpose of constructing or acquiring the Road System: \$1,600,000 Unlimited Tax Road Bonds, Series 2018; \$2,830,000 Unlimited Tax Road Bonds, Series 2019; \$2,575,000 Unlimited Tax Road Bonds, Series 2020; \$1,490,000 Unlimited Tax Road Bonds, Series 2021; and \$13,650,000 Unlimited Tax Road Bonds, Series 2022. Of such bonds, \$21,335,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Road Bonds," and together with the Outstanding Utility Bonds, the "Outstanding Bonds"). The District has never issued bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. See "THE BONDS – Outstanding Bonds."
Short-Term Debt	The District issued its \$9,200,000 Bond Anticipation Note, Series 2022 (the "BAN"), dated December 13, 2022. The BAN matures on December 12, 2023, and accrues interest at a rate of 5.180% per annum, calculated on the basis of actual days elapsed and a 360-day year. The District will use a portion of the proceeds from the sale of the Utility Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer (herein defined) for a portion of the improvements and related costs shown under "THE BONDS – Use and Distribution of Proceeds of the Utility Bonds." See "THE BONDS – Short-Term Debt."
Use of Proceeds of the Utility Bonds	Proceeds of the sale of the Utility Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs shown under "THE BONDS – Use and Distribution of Proceeds of the Utility Bonds." Additionally, proceeds from the sale of the Utility Bonds will also be used to reimburse the Developer for the improvements and related costs that were not reimbursed by the BAN and to pay: six (6) months of capitalized interest; developer interest; BAN interest; and other certain costs associated with the issuance of the Utility Bonds. See "THE BONDS – Use and Distribution of Proceeds of the Utility Bonds."
Use of Proceeds of the Road Bonds	Proceeds from the Road Bonds will be used to reimburse the Developer for the improvements and related costs shown under "THE BONDS – Use and Distribution of Proceeds of the Road Bonds." Additionally, proceeds from the sale of the Road Bonds will be used to pay \$477,563 of capitalized interest; developer interest; and other certain costs associated with the issuance of the Road Bonds. See "THE BONDS – Use and Distribution of Proceeds of the Road Bonds."
Not Qualified Tax-Exempt Obligations	The District has not designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Not Qualified Tax-Exempt Obligations."
Municipal Bond Insurance	Assured Guaranty Municipal Corp. ("AGM"). See "MUNICIPAL BOND INSURANCE."

Ratings	S&P Global Ratings (AGM Insured): "AA." Moody's Investors Service, Inc. ("Moody's") (AGM Insured): "A1." Moody's (Underlying): "Baa2." See "RATINGS."
Bond Counsel	Coats Rose P.C., Houston, Texas.
Disclosure Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
Engineer	IDS Engineering Group, Inc., Houston, Texas.

THE DISTRICT

Description	The District was created by an order dated August 21, 2015, that, pursuant to the Act, divided Fulshear Municipal Utility District No. 3 into two distinct municipal utility districts: the District and Fulshear Municipal Utility District No. 3B ("Fulshear MUD 3B"). Upon its creation, the District was made up of approximately 493.86 total acres, and, due to three subsequent annexations, the District now encompasses approximately 1,341.67 total acres. See "THE DISTRICT."
Location	The District is situated primarily within Fort Bend County, Texas, although a portion of the District (approximately 65 acres) is within Waller County, Texas. The District is located approximately 33 miles west of the City of Houston, Texas; approximately four miles west of the City of Katy, Texas; approximately four miles north of the City; and approximately one mile south of the intersection of Interstate Highway 10 and Jordan Ranch Boulevard. See "THE DISTRICT – Description."
Jordan Ranch	The District is part of the master-planned community known as "Jordan Ranch." Jordan Ranch is located one mile south of Interstate Highway 10 and includes a number of amenities for its residents such as: a community clubhouse; a resort-style pool with lazy river and kids' splash pad; a fitness center; a picnic area; playgrounds; hike and bike trails; and open spaces throughout the community. Jordan Ranch is made up of approximately 1,353.01 total acres, of which approximately 1,341.67 acres are located in the District. See "THE DISTRICT – Jordan Ranch."
Development in the District	To date, a total of approximately 2,068 single-family lots have been developed within the District as the following subdivisions: Jordan Ranch, Sections 1, 2, 2A, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and Jordan Ranch Model Home Park. Said subdivisions encompass approximately 604 acres within the District. As of July 1, 2023, the District included approximately 1,445 completed homes (approximately 1,414 occupied, approximately 31 unoccupied, and approximately 15 models), approximately 95 homes under construction (approximately 81 of which being under contract for sale to homebuyers), and approximately 527 vacant developed lots. Additionally, approximately 70 acres have been developed for commercial use, which consists of a church, fire station, elementary school, and retail and multi-family development. The remaining land within the District includes approximately 537 undeveloped but developable acres and approximately 132

	undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT – Current Status."
The Developer	Fort Bend Jordan Ranch LP, a Texas limited partnership (the "Developer"), an affiliate of Johnson Development Corp. ("JDC"), the developer of land in the District, is the entity through which development operations are managed. JDC is a leading land developer of residential and commercial properties across the country, and, since its establishment in 1975, has been involved in over 100 projects resulting in the development of over 40,000 acres devoted to multiple-use commercial parks; office buildings; retail centers; championship golf courses; and residential communities. In Texas, JDC is responsible for the development of several master-planned communities, including: Riverstone; Sienna; Cross Creek Ranch; Harvest Green; Imperial; Fall Creek; Tuscan Lakes; Edgewater; Woodforest; Harmony; Grand Central Park; Willow Creek Farms; Trinity Falls; and Viridian. See "THE DEVELOPER."
Homebuilders in the District	The following homebuilders are actively constructing new homes in the District: Beazer Homes; David Weekley Homes; Highland Homes; J. Patrick Homes; Lennar Homes; Perry Homes; Westin Homes; and Chesmar Homes. New homes in the District range in price from approximately $300,000 to over $800,000 and in size from approximately 1,500 square feet to over 4,600 square feet. See "DEVELOPMENT WITHIN THE DISTRICT – Homebuilders in 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 IS 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 THIS ENTIRE OFFICIAL STATEMENT, INCLUDING PARTICULARLY THE SECTION OF THIS OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS," BEFORE MAKING AN INVESTMENT DECISION.

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2023 Assessed Valuation	$ 652,985,800	(a)
Estimated Assessed Valuation as of May 1, 2023	$ 734,089,108	(b)
Direct Debt:		
The Outstanding Bonds (as of the Delivery of the Bonds)	$ 54,055,000	
The Utility Bonds	$ 16,275,000	
The Road Bonds	$ 21,225,000	
Total	$ 91,555,000	
Estimated Overlapping Debt	$ 45,356,523	(c)
Total Direct and Estimated Overlapping Debt	$ 136,911,523	(c)
Direct Debt Ratios:		
As a Percentage of the 2023 Assessed Valuation	14.02 %	
As a Percentage of the Estimated Assessed Valuation as of May 1, 2023	12.47 %	
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2023 Assessed Valuation	20.97 %	
As a Percentage of the Estimated Assessed Valuation as of May 1, 2023	18.65 %	
Utility System Debt Service Fund Balance (as of June 27, 2023)	$ 1,888,416	(d)
Road System Debt Service Fund Balance (as of June 27, 2023)	$ 1,390,008	(e)
Utility System Capital Projects Fund Balance (as of June 27, 2023)	$ 37,340	
Road System Capital Projects Fund Balance (as of June 27, 2023)	$ 2,392	
General Operating Fund Balance (as of June 27, 2023)	$ 6,050,878	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2023, provided by the Appraisal Districts (herein defined). See "TAX PROCEDURES" and "TAX DATA."

(b) Provided by the Appraisal Districts for informational purposes only, this amount is an estimate of the assessed valuation of all taxable property within the District as of May 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2022, through May 1, 2023. No taxes will be levied against this amount. See "TAX PROCEDURES" and "TAX DATA."

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

(d) At the delivery of the Utility Bonds, six (6) months of capitalized interest will be deposited into the Utility System debt service fund. Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System debt service fund. Funds in the Utility System debt service fund are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road Bonds and the Road Bonds.

(e) At the delivery of the Road Bonds, $477,563 of capitalized interest will be deposited into the Road System debt service fund. Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System debt service fund. Funds in the Road System debt service fund are not available to pay debt service on bonds issued by the District for the Utility System, including the Outstanding Utility Bonds and the Utility Bonds.

SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2022 Tax Rate:			
Utility System Debt Service		$ 0.48	(a)
Road System Debt Service		$ 0.32	(a)
Maintenance & Operations		$ 0.50	
Total		$ 1.30	
Combined Average Annual Debt Service Requirement (2024–2048)	$	5,694,148	(b)
Combined Maximum Annual Debt Service Requirement (2024)	$	6,107,575	(b)
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024–2048) at 95% Tax Collections:			
Based on the 2023 Assessed Valuation		$ 0.92	
Based on the Estimated Assessed Valuation as of May 1, 2023		$ 0.82	
Combined Debt Service Tax Rate per $100 of Assessed Valuation Required to Pay the Maximum Annual Debt Service Requirement on the Outstanding Bonds and the Bonds (2024) at 95% Tax Collections:			
Based on the 2023 Assessed Valuation		$ 0.99	
Based on the Estimated Assessed Valuation as of May 1, 2022		$ 0.88	

(a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount.

(b) Requirement of combined debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 3A

(A political subdivision of the State of Texas located in Fort Bend County and Waller County)

$16,275,000	**$21,225,000**
Unlimited Tax Bonds	**Unlimited Tax Road Bonds**
Series 2023	**Series 2023**

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fulshear Municipal Utility District No. 3A (the "District") of its $16,275,000 Unlimited Tax Bonds, Series 2023 (the "Utility Bonds"), and $21,225,000 Unlimited Tax Road Bonds, Series 2023 (the "Road Bonds"). The Utility Bonds and the Road Bonds are herein collectively referred to as the "Bonds."

The Utility Bonds are issued pursuant to (i) an order of the Texas Commission on Environmental Quality (the "TCEQ"); (ii) an order adopted by the Board of Directors of the District (the "Board") on the date of the sale of the Utility Bonds (the "Utility Bond Order"); (iii) the general laws of the State of Texas ("Texas"), including Chapters 49 and 54 of the Texas Water Code; (iv) Senate Bill 1910, 83rd Texas Legislature, Regular Session, codified at Chapter 8487, Texas Special District Local Laws Code, effective September 1, 2013 (the "Act"); (v) Article XVI, Section 59, of the Texas Constitution; and (vi) an election held within the District on November 3, 2015.

The Road Bonds are issued pursuant to (i) an order adopted by the Board on the date of the sale of the Road Bonds (the "Road Bond Order"); (ii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iii) the Act; (iv) Article III, Section 52, of the Texas Constitution; and (v) an election held within the District on November 3, 2015.

The Utility Bond Order and the Road Bond Order are collectively referred to herein as the "Bond Orders," and unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Orders. The initial purchaser of the Utility Bonds (the "Utility Bond Initial Purchaser") and the initial purchaser of the Road Bonds (the "Road Bond Initial Purchaser") are collectively referred to herein as the "Initial Purchasers."

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Upon payment of reasonable copying, mailing and handling charges, copies of such documents may be obtained from Bond Counsel (herein defined) at 9 Greenway Plaza, Suite 1000, Houston, Texas 77046 or during the offering period from the Financial Advisor (herein defined) at 1331 Lamar Street, Suite 1360, Houston, Texas 77010.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Orders. Copies of the Bond Orders may be obtained from the District upon request and payment of the costs for duplication thereof. The Bond Orders authorize the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds are dated September 1, 2023, and will mature on September 1 in the years and in the principal amounts as shown on the inside cover. Interest on the Bonds will accrue from the date of delivery (expected to be on or about September 27, 2023) (the "Date of Delivery"), with interest payable on March 1, 2024, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or prior redemption. The Bonds will be issued as fully registered bonds in principal denominations of $5,000 or any integral multiple thereof. Principal of the Bonds will be payable to a Bondholder (herein defined) thereof at maturity or earlier redemption upon presentation of Bonds at the principal payment office of BOKF, NA, Dallas, 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 Bondholders as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the calendar month next preceding each Interest Payment Date (the "Record Date"), or by other such customary banking arrangements as may be acceptable to the Paying Agent/Registrar and the Bondholder at the expense and risk of the Bondholder.

Book-Entry-Only System

This section describes how ownership of the Bonds is 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 for the Bonds (the "Book-Entry-Only System") has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The District and the Financial Advisor cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to Direct and Indirect Participants (herein defined), (2) Direct and Indirect 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 Registered 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 (the "SEC"), and the current procedures of DTC to be followed in dealing with Direct and Indirect 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 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "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 (the "Indirect Participants," and together with the Direct Participants, the "Direct and Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC rules applicable to its Direct and Indirect Participants are on file with the SEC. 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 holder of ownership interest of each actual purchase of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System 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 the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect 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 Direct and Indirect 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 the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the Book-Entry-Only System 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 the Book-Entry-Only System has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of This Official Statement

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

Successor Paying Agent/Registrar

Provision is made in the Bond Orders 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 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 principal payment office of the Paying Agent/Registrar. 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 Bondholder. 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 Bondholder or assignee of the Bondholder within not more than three 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 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 30 calendar days. No service charge will be made for any transfer or exchange, but the District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

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

Authority for Issuance

At an election held within the District on November 3, 2015, voters of the District authorized the issuance of a total of $164,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a waterworks, sanitary sewer and storm drainage system to serve the District (the "Utility System"), a total of $87,900,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system to serve the District (the "Road System"), and a total of $38,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. Additional amounts may be authorized.

The Utility Bonds are issued pursuant to (i) an order of the TCEQ; (ii) the Utility Bond Order; (iii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iv) the Act; (v) Article XVI, Section 59, of the Texas Constitution; and (vi) an election held within the District on November 3, 2015.

The Road Bonds are issued pursuant to (i) the Road Bond Order; (ii) the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code; (iii) the Act; (iv) Article III, Section 52, of the Texas Constitution; and (v) an election held within the District on November 3, 2015.

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created. The Utility Bonds represent the sixth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System and the Road Bonds represent the sixth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $113,230,000 for the purpose of constructing or acquiring the Utility System; $44,530,000 for the purpose of constructing or acquiring the Road System; and $38,000,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District.

The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Orders. The Bond Orders impose no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and, in the case of bonds for the purpose of constructing or acquiring the Utility System or for purpose of constructing or acquiring parks and recreational facilities to serve the District, approved by the TCEQ).

According to the Developer (herein defined), following the issuance of the Bonds, the District will owe the Developer approximately $31,565,697 for its expenditures for the construction or acquisition of the Utility System, approximately $12,625,120 for its expenditures for the construction or acquisition of the Road System, and approximately $10,179,514 for expenditures for the construction or acquisition of parks and recreational facilities to serve the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire 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. 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. 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; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to 1% of the value of the taxable property in the District at the time of issuance.

Outstanding Bonds

The following bonds have been previously issued by the District for the purpose of constructing or acquiring the Utility System: $4,860,000 Unlimited Tax Utility Bonds, Series 2018; $5,670,000 Unlimited Tax Bonds, Series 2019; $5,180,000 Unlimited Tax Bonds, Series 2020; $7,355,000 Unlimited Tax Bonds, Series 2021; and $11,730,000 Unlimited Tax Bonds, Series 2022. Of such bonds, $32,720,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Utility Bonds"). The following bonds have been previously issued by the District for the purpose of constructing or acquiring the Road System: $1,600,000 Unlimited Tax Road Bonds, Series 2018; $2,830,000 Unlimited Tax Road Bonds, Series 2019; $2,575,000 Unlimited Tax Road Bonds, Series 2020; $1,490,000 Unlimited Tax Road Bonds, Series 2021; and $13,350,000 Unlimited Tax Road Bonds, Series 2022. Of such bonds, $21,335,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Road Bonds," and together with the Outstanding Utility Bonds, the "Outstanding Bonds"). The District has never issued bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District.

Short-Term Debt

The District issued its $9,200,000 Bond Anticipation Note, Series 2022 (the "BAN"), dated December 13, 2022. The BAN matures on December 12, 2023, and accrues interest at a rate of 5.180% per annum, calculated on the basis of actual days elapsed and a 360-day year. The District will use a portion of the proceeds from the sale of the Utility Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer for a portion of the improvements and related costs shown under "THE BONDS – Use and Distribution of Proceeds of the Utility Bonds."

Payment Record

The District has never defaulted on the timely payment of principal and interest on its bonded indebtedness. See "THE BONDS – Source of Payment."

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District, and the principal thereof and the interest thereon, and such additional tax bonds of the District as may hereafter be authorized by District voters, if any, and subsequently issued, are payable from and secured by the proceeds of two separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property located within the District. See "TAX PROCEDURES" and "TAX DATA – Tax Rate Calculations" for tax adequacy, manner of assessing and collecting taxes, and the remedy to the District in the event of tax delinquencies; and "Bondholders' Remedies" below for the remedies available to Bondholders in the event of default in the performance of any of the covenants set forth in the Bond Orders or in the event of default in the payment of principal of or interest on the Bonds.

The Bonds are obligations solely of the District and are not obligations of Texas; Fort Bend County, Texas; Waller County, Texas; the City of Fulshear, Texas (the "City"); or any political subdivision other than the District.

Redemption of the Bonds

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2030, prior to their scheduled maturities, in whole or in part, on September 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 30 days prior to the redemption date by sending such notice by first class mail to the Bondholder of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are optionally redeemed at any time, the particular maturities and amounts of Bonds to be optionally redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity and if fewer than all of the Bonds within a maturity are to be redeemed, the Paying Agent/Registrar (or DTC in accordance with its procedures while the Bonds are in book-entry-only form) shall designate by method of random selection the Bonds within such maturity to be redeemed. If the Book-Entry-Only System is discontinued, the Bondholder of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Utility Bond maturing on September 1, 2045 is a term bond (the "Utility Term Bond") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Utility 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 (the "Mandatory Redemption Date"), and in the principal amounts set forth in the following schedule:

$1,795,000 Utility Term Bond Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2044	$ 880,000
September 1, 2045 (Maturity)	$ 915,000

The Road Bond maturing on September 1, 2045, is a term bond (the "Road Term Bond," and together with the "Utility Term Bond," the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Road Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption date, and in the principal amounts set forth in the following schedule:

$2,340,000 Road Term Bond Maturing on September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2044	$ 1,145,000
September 1, 2045 (Maturity)	$ 1,195,000

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

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 Orders provide that the District may discharge its obligations to the Bondholders 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 of (ii) by depositing with any place of payment (paying agent) for obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by 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. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Orders.

There is no assurance that the current law will not be changed in a manner which would permit other investments to be made with amounts deposited to defease the Bonds. Because the Bond Orders do not contractually limit such investments, Bondholders may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law. There is also no assurance that any investment held for such discharge will maintain its rating.

Bondholders' Remedies

The Bond Orders contain a covenant that while any part of the Bonds is outstanding, there shall be assessed, levied, and collected two separate annual ad valorem taxes, each levied without legal limit as to rate or amount, on all taxable property within the District, sufficient to pay principal of and interest on the Bonds and any additional tax bonds when due and to pay the expenses necessary in collecting taxes. Texas law and the Bond Orders provide that in the event that the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make debt service payments, or defaults in the observance or performance of any of the covenants, conditions, or obligations set forth in the Bond Orders, any Bondholder shall be entitled at any time to a writ of mandamus from a court of competent jurisdiction compelling and requiring the Board to observe and perform any covenant, obligation, or condition prescribed by the Bond Orders. Such right is in addition to all other rights the Bondholders may be provided by the laws of the State of Texas.

Except for mandamus, the Bond Orders do not specifically provide for remedies to a Bondholder 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 Bondholders. There is no acceleration of maturity of the Bonds in the event of default. Consequently, the remedy of mandamus is a remedy which may have to be relied upon from year to year by the Bondholders. Even if the Bondholders could obtain a judgment against the District, such judgment could not be enforced by direct levy and execution against the District's property. Further, the Bondholders 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. Certain traditional legal remedies also may be unavailable. The enforceability of the rights and remedies of the Bondholders may be further limited by federal bankruptcy laws, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. See "THE BONDS – Bankruptcy Limitation to Bondholders' Rights."

Bankruptcy Limitation to Bondholders' Rights

Other than a writ of mandamus and other relief authorized by law, the Bond Orders do not expressly provide a specific remedy for a default. Even if a Bondholder could obtain a judgment against the District for a default in the payment of principal or interest, such judgment could not be satisfied by execution against any property of the District. If the District defaults, a Bondholder could petition for a writ of mandamus issued by a court of competent jurisdiction requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Orders. Such remedy might need to be enforced on a periodic basis. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principals of equity. See "INVESTMENT CONSIDERATIONS – Bondholders' Remedies" and "INVESTMENT CONSIDERATIONS – Bankruptcy Limitation to Bondholders' Rights."

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.

[*Remainder of this page intentionally left blank.*]

Use and Distribution of Proceeds of the Utility Bonds

Proceeds of the sale of the Utility Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs shown below. Additionally, proceeds from the sale of the Utility Bonds will also be used to reimburse the Developer for the improvements and related costs that were not reimbursed by the BAN and to pay: six (6) months of capitalized interest; developer interest; BAN interest; and other certain costs associated with the issuance of the Utility Bonds, as shown below.

			District's Share
Construction Costs			
A.	Developer Contribution Items		
	1.	Jordan Ranch Street Dedication No. 9 & Jordan Ranch Section 32	$ 1,608,024
	2.	Jordan Ranch Street Dedication No. 10 and Reserves	586,251
	3.	Jordan Ranch Sections 15	685,153
	4.	Jordan Ranch Sections 19	595,996
	5.	Jordan Ranch Sections 20 and 21	655,035
	6.	Jordan Ranch Sections 23 and 24	949,610
	7.	Jordan Ranch Street Dedication No. 8 & Reserves, Section 34 & Utility Expansion	2,051,819
	8.	Erosion Consultant and Stormwater Permits (Items 1 and 3-7)	201,200
	9.	Engineering, Surveying, and Testing (Items 1-8)	1,135,694
	Total Developer Contribution Items		$ 8,468,782
B.	District Contribution Items		
	1.	Jordan Ranch Phase 4 Stormwater Detention Facility	$ 1,648,771
	2.	Engineering, Surveying, and Testing (Item 1)	257,394
	3.	Erosion Consultant and Stormwater Permits (Item 1)	3,890
	4.	Land Acquisition Detention Ponds 10A, 12, 13, 14, and 15	2,438,353
	Total District Contribution Items		$ 4,348,408
	Total Construction Costs		$ 12,817,190
	Less Surplus Funds		$ (36,794)
	Total Net Construction Costs		$ 12,780,396
Non-Construction Costs			
A.	Legal Fees		$ 350,500
B.	Fiscal Agent Fees		325,500
C.	Interest		
	1.	Capitalized Interest (6 Months)	387,144
	2.	Developers Interest	1,033,254
	3.	Bond Anticipation Note Interest	381,248
D.	Bond Discount		487,540
E.	Bond Issuance Expenses		29,854
F.	Bond Anticipation Note Issuance Expenses		227,592
G.	Bond Application Report Expense		45,000
H.	Attorney General Fee (0.10%)		9,500
I.	TCEQ Bond Issuance Fee (0.25%)		40,688
J.	Contingency (a)		176,784
	Total Non-Construction Costs		$ 3,494,604
TOTAL BOND ISSUE REQUIREMENT			**$ 16,275,000**

(a) Represents the difference between the estimated and actual amounts of Capitalized Interest, BAN Interest, and Bond Discount.

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer (herein defined) and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses in accordance with the rules of the TCEQ. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

Use and Distribution of Proceeds of the Road Bonds

Proceeds from the Road Bonds will be used to reimburse the Developer for the improvements and related costs shown below. Additionally, proceeds from the sale of the Road Bonds will be used to pay $477,563 of capitalized interest; developer interest; and other certain costs associated with the issuance of the Road Bonds, as shown below.

The construction costs described below were compiled by the Engineer, based, in some cases, on the estimated costs of facilities. Non-construction costs are based upon either contract amounts or estimates made by the Engineer or the Financial Advisor.

		District's Share
Construction Costs		
A.	Jordan Ranch Phase 4 Stormwater Detention Facilities	$ 345,367
B.	Jordan Ranch Street Dedication No 8 & Reserves, Section 34, & Utility Extension	1,431,743
C.	Jordan Ranch Street Dedication No. 11 & Jordan Ranch Section 38 & 40	4,244,351
D.	Jordan Ranch Section 23 & 24	979,582
E.	Jordan Ranch Section 25	669,343
F.	Jordan Ranch Sections 26, 27, & 33	1,539,354
G.	Jordan Ranch Sections 28, 29, & 30	1,491,238
H.	Jordan Ranch Section 31	578,899
I.	Jordan Ranch Sections 35 & 37	1,795,799
J.	Jordan Ranch Sections 36, 39, & 41	2,927,011
K.	Jordan Ranch Section 42	821,062
L.	Jordan Ranch Street Dedication No. 1 Landscaping within Right-of-Way	1,129,939
	Total Construction Costs	$ 17,953,686
Non-Construction Costs		
A.	Legal Fees	$ 449,500
B.	Fiscal Agent Fees	424,500
C.	Developer Interest	1,226,988
D.	Capitalized Interest	477,563
E.	Bond Discount	636,750
F.	Issuance Expenses	46,513
G.	Attorney General Fee (0.10%)	9,500
H.	Contingency (a)	2,064
	Total Non-Construction Costs	$ 3,271,314
TOTAL BOND ISSUE REQUIREMENT		**$ 21,225,000**

(a) Represents the difference between the estimated and actual amounts of Bond Discount.

Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District's auditor.

In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for roads or improvements in aid thereof. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

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THE DISTRICT

Authority

Fulshear Municipal Utility District No. 3 was created pursuant to Article XVI, Section 59, and Article III, Section 52, of the Texas Constitution, by the Act. By that certain Order Dividing District and Redefining Boundaries dated August 21, 2015, Fulshear Municipal Utility District No. 3 was divided into two distinct municipal utility districts, creating the District and Fulshear Municipal Utility District No. 3B ("Fulshear MUD 3B"). All of Fulshear MUD 3B's assets and liabilities were assigned to, and assumed by, the District pursuant to an Agreement for Assignment and Assumption of Assets and Liabilities dated December 16, 2022 (the "Assignment of Assets and Liabilities"). Fulshear MUD 3B was subsequently dissolved by the exclusion of all land from its boundaries, effective December 16, 2022.

The District operates under the general laws of Texas, including Chapters 49 and 54 of the Texas Water Code and Article XVI, Section 59, of the Texas Constitution and is authorized to construct and finance road projects as provided under Article III, Section 52, of the Texas Constitution.

The District is empowered, among other things, to purchase, construct, and maintain roads in the District, and 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. 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. However, the District does not currently operate or maintain a fire department; fire protection for the District is provided by the City. The District is subject to the continuing supervision of the TCEQ and is located in the extra territorial jurisdiction of the City.

Description

Upon its creation, the District was made up of approximately 493.86 total acres, and, due to three subsequent annexations, the District now encompasses approximately 1,341.67 total acres. The District is situated primarily within Fort Bend County, Texas, although a portion of the District (approximately 10 acres) is within Waller County, Texas. The District is located approximately 33 miles west of the City of Houston, Texas ("Houston"); approximately four miles west of the City of Katy, Texas; approximately four miles north of the City; and approximately one mile south of the intersection of Interstate Highway 10 and Jordan Ranch Boulevard. The District is located in the extraterritorial jurisdiction of the City.

Jordan Ranch

The District is part of the master-planned community known as "Jordan Ranch." Jordan Ranch is located one mile south of Interstate Highway 10 and includes a number of amenities for its residents such as: a community clubhouse; a resort-style pool with lazy river and kids' splash pad; a fitness center; a picnic area; playgrounds; hike and bike trails; and open spaces throughout the community.

Jordan Ranch is made up of approximately 1,353.01 total acres, of which approximately 1,341.67 acres are located in the District. See "DEVELOPMENT OF THE DISTRICT – Current Status."

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Management of the District

- Board of Directors -

The District is governed the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors' terms are four years with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District.

Name	Position	Term Expires May
Glen Nordt	President	2026
Stacy Thibodeaux	Vice President	2024
Caleb Davis	Secretary	2026
TeAundrae Perryman	Assistant Secretary	2026
Nicole Gard	Assistant Secretary	2024

- Consultants -

Tax Assessor/Collector – The District has engaged Utility Tax Service, LLC as the tax assessor/collector (the "Tax Assessor/Collector").

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

Engineer – The consulting engineer retained by the District in connection with the design and construction of the District's facilities is IDS Engineering Group, Inc. (the "Engineer").

Operator – The District has contracted with SiEnvironmental, LLC (the "Operator") to oversee operation and maintenance of the Utility System.

Bond Counsel – The District has engaged Coats Rose, P.C. as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Coats Rose P.C. also serves as the District's general counsel.

Auditor – The District engaged McGrath & Co. PLLC (the "Auditor") to audit its financial statements for the fiscal year ended December 31, 2022. The District's audited financial statements are attached as "APPENDIX A."

Disclosure Counsel – Orrick, Herrington & Sutcliffe LLP serves as disclosure counsel ("Disclosure Counsel") in connection with the issuance of the Bonds. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale, and delivery of the Bonds.

Financial Advisor – The District has engaged the firm of Robert W. Baird & Co. Incorporated as financial advisor to the District (the "Financial Advisor"). Payment to the Financial Advisor by the District is contingent upon the issuance, sale, 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.

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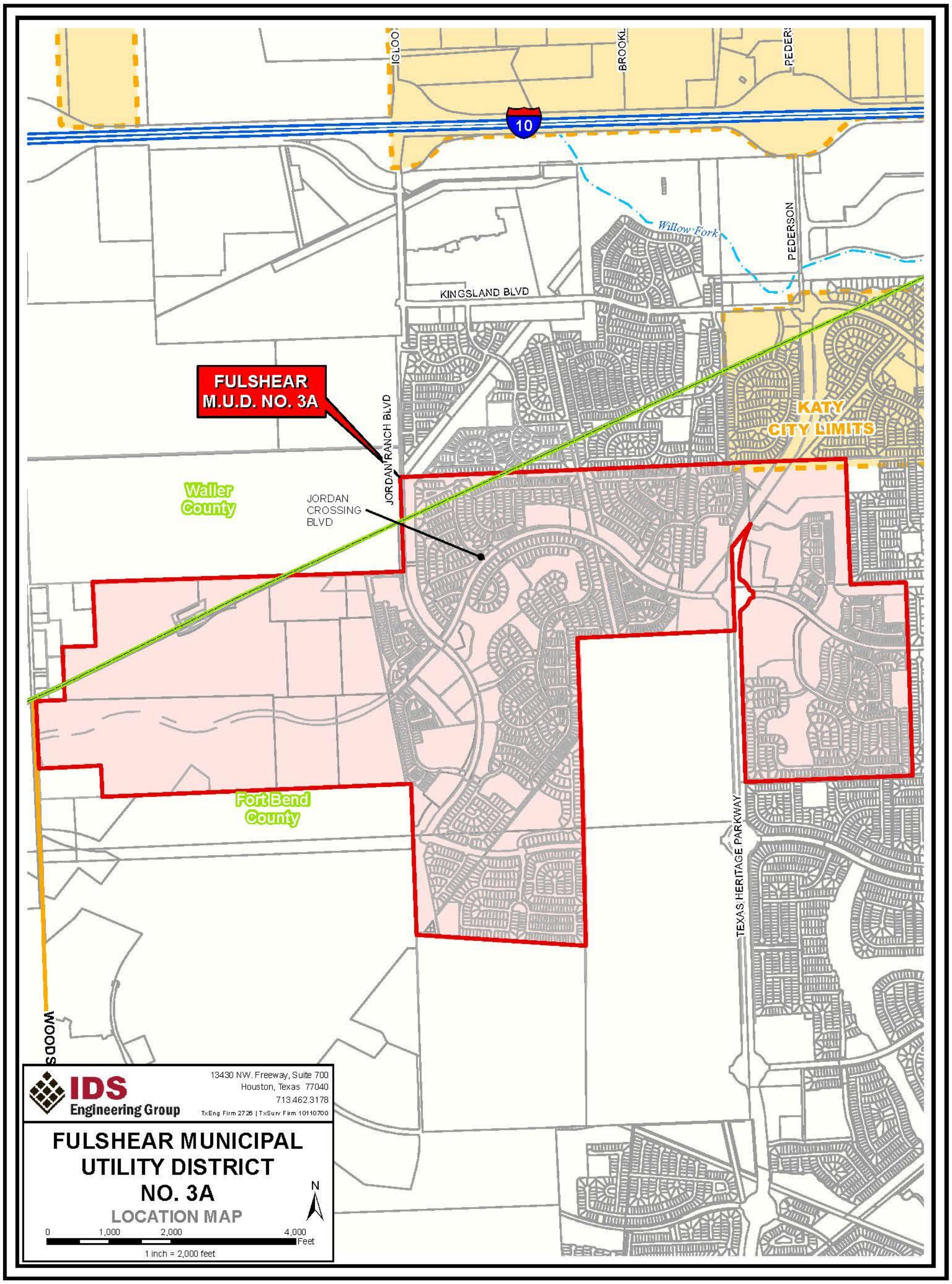
LOCATION MAP



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PHOTOGRAPHS TAKEN IN THE DISTRICT

(July 2023)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(July 2023)

DEVELOPMENT WITHIN THE DISTRICT

Current Status

To date, a total of approximately 2,068 single-family lots have been developed within the District as the following subdivisions: Jordan Ranch, Sections 1, 2, 2A, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, and Jordan Ranch Model Home Park. Said subdivisions encompass approximately 418 acres within the District. As of July 1, 2023, the District included approximately 1,445 completed homes (approximately 1,414 occupied, approximately 31 unoccupied, and approximately 15 models), approximately 95 homes under construction (approximately 81 of which being under contract for sale to homebuyers), and approximately 527 vacant developed lots. Additionally, approximately 69.5 acres have been developed for commercial use, which consists of a church, fire station, elementary school, and retail and multi-family development. The remaining land within the District includes approximately 536.67 undeveloped but developable acres and approximately 131.85 undevelopable acres.

The table on the following page summarizes the development within the District as of July 1, 2023:

[*Remainder of this page intentionally left blank.*]

Jordan Ranch	Acreage	Section Lots	Homes Completed	Homes Construction	Vacant Lots
Model Home Park	7.04	23	23	–	8
Section 1	13.18	40	40	–	–
Section 2	15.93	57	57	–	–
Section 2A	10.08	20	20	–	–
Section 3	12.88	50	50	–	–
Section 4	19.39	76	76	–	–
Section 5	9.29	24	24	–	–
Section 6	9.57	29	29	–	–
Section 7	5.18	16	16	–	–
Section 8	10.32	31	31	–	–
Section 9	8.86	26	26	–	–
Section 10	8.03	34	34	–	–
Section 11	8.49	34	34	–	–
Section 12	9.09	33	33	–	–
Section 13	9.45	39	39	–	–
Section 14	9.06	39	39	–	–
Section 15	16.46	63	63	–	–
Section 16	10.48	41	40	1	–
Section 17	8.37	35	35	–	–
Section 18	6.88	20	20	–	–
Section 19	23.62	91	90	–	1
Section 20	11.07	34	34	–	–
Section 21	12.85	43	43	–	–
Section 22	16.54	69	65	2	2
Section 23	12.35	36	36	–	–
Section 24	19.24	71	71	–	–
Section 25	19.81	85	82	–	3
Section 26	19.84	86	46	19	21
Section 27	9.12	40	39	1	–
Section 28	12.71	41	33	5	3
Section 29	13.26	40	35	3	2
Section 30	13.22	38	34	1	3
Section 31	14.46	73	45	12	16
Section 32	4.76	12	12	–	–
Section 33	7.08	29	14	2	13
Section 34	25.19	62	37	5	19
Section 35	16.09	79	–	–	79
Section 36	19.33	85	–	4	81
Section 37	17.73	55	–	–	55
Section 38	12.89	46	–	19	27
Section 39	13.74	49	–	4	45
Section 40	19.06	60	–	12	48
Section 41	32.07	48	–	3	45
Section 42	12.95	66	–	2	64
Total Residential Developed	603.65	2,068	1,445	95	527
Undeveloped but Developable	536.67				
Undevelopable	131.85				
District Total	1,341.67				

Homebuilders in the District

The following homebuilders are actively constructing new homes in the District: Beazer Homes; David Weekley Homes; Highland Homes; J. Patrick Homes; Lennar Homes; Perry Homes; Westin Homes; and Chesmar Homes. New homes in the District range in price from approximately $300,000 to over $800,000 and in size from approximately 1,500 square feet to over 4,600 square feet.

Lot-Sales Contracts

The Developer has entered into lot sales contracts with each of the following homebuilders: David Weekley Homes; Highland Homes; J. Patrick Homes; Lennar Homes; Newmark Homes; Perry Homes; Coventry Homes; Westin Homes; and Chesmar Homes. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with the earnest money deposit being returned to the builders upon purchase of the last lots under each contract. The Developer sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit. According to the Developer, each of the builders is in compliance with their respective lot-sales contracts.

As of July 1, 2023, the total number of lots contracted and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
David Weekley Homes	298	268
Highland Homes	257	217
J. Patrick Homes	129	105
Lennar Homes	266	245
Newmark Homes	17	14
Perry Homes	396	333
Plantation Homes	54	54
Westin Homes	297	217
Chesmar Homes	148	123
Total	1,862	1,576

THE DEVELOPER

Role

In general, the activities of a developer in a municipal utility district, such as the District, include the following: acquiring the land within the district; designing the subdivision, the utilities and streets to be constructed in the subdivision, and any community facilities to be built; defining a marketing program and building schedule; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling improved lots and commercial reserves to builders and other developers or other third parties. Pursuant to the rules of the TCEQ, a developer can be required to pay up to 30% of the cost of constructing certain water, wastewater and drainage facilities in a municipal utility district. The relative success or failure of a developer to perform such activities in the development of property within a municipal utility district may have a profound effect on the security of the bonds issued by a district. A developer is generally under no obligation to a municipal utility district to develop the property that it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a municipal utility district.

Description

Fort Bend Jordan Ranch LP, a Texas limited partnership (the "Developer"), an affiliate of Johnson Development Corp. ("JDC"), the developer of land in the District, is the entity through which development operations are managed. JDC is a leading land developer of residential and commercial properties across the country, and, since its establishment in 1975, has been involved in over 100 projects resulting in the development of over

40,000 acres devoted to multiple-use commercial parks; office buildings; retail centers; championship golf courses; and residential communities. In Texas, JDC is responsible for the development of several master-planned communities, including: Riverstone; Sienna; Cross Creek Ranch; Harvest Green; Imperial; Fall Creek; Tuscan Lakes; Edgewater; Woodforest; Harmony; Grand Central Park; Willow Creek Farms; Trinity Falls; and Viridian.

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, 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.

Development Financing

In December 2015, the Developer obtained an infrastructure development loan from Texas Capital Bank, N.A. The loan had a maximum principal balance of $27,500,000 and matured in December of 2022. That loan has been replaced by a loan obtained in January 2023 from Stellar Bank with a maximum principal balance of $22,500,000. The loan is secured by a lien on approximately 420 acres of land plus lots owned by the Developer in the District and in Fulshear MUD 3B. The outstanding balance as of July 31, 2023, was $4,718,950 and, according to the Developer, it is in compliance with all material conditions of the loan.

THE UTILITY SYSTEM

Regulation

According to the Engineer, the District's water distribution, wastewater collection and drainage facilities have 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. According to the Engineer, the design of all such facilities has been approved by all required governmental agencies, and the construction has been inspected by the TCEQ.

Operation of the District's waterworks and sewage treatment facilities is subject to regulation by, among others, the EPA and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water Supply

Water supply is provided by a water plant located in Willow Creek Farms Municipal Utility District ("WCFMUD"), a municipal utility district adjacent to the District. The water plant is jointly owned by WCFMUD and the District and consists of the following: a 1,000 gallon per minute ("gpm") water well; a 500-gpm water well; two 15,000-gallon pressure tanks; three 220,000 gallon ground storage tanks; and five booster pumps. The water plant will adequately serve 2,500 equivalent single-family connections ("esfc"), 1,225 of which are owned by the District.

Since the District's water wells are located in Waller County, Texas, the District's authority to pump groundwater from its water wells is subject to an annual permit issued by the Bluebonnet Groundwater Conservation District ("BGCD"). Water that is pumped from Waller County, Texas, into Fort Bend County, Texas, is subject to the authority of the North Fort Bend Water Authority (the "Authority"). BGCD and the Authority were created to protect and recharge groundwater, to prevent pollution or waste of groundwater, to control subsidence caused by withdrawal of water from the groundwater reservoirs in the area, and to regulate the transport of water into and out of their respective boundaries. BGCD and the Authority currently charge the District an annual permit renewal fee, as well as production fees per 1,000 gallons based on the amount of groundwater pumped by the District. The District cannot predict what regulations the BGCD or the Authority may impose on the District nor the amount or level of fees and charges which may be due to the BGCD or the Authority in the future. However, the District anticipates that the costs associated with any necessary system improvements due to additional regulations or increased fees would be passed on to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any.

Wastewater System

Wastewater for the District is treated by a 480,000 gallon per day ("gpd") wastewater treatment plant located in WCFMUD and a Phase 1 120,000 gpd wastewater treatment plant located within the District. Fulshear MUD 3B participated in an expansion to the WCFMUD wastewater treatment plant to add an additional 240,000 gpd of capacity for a combined total of 480,000 gpd that will adequately serve 1,960 esfc.

The District obtained 720 esfc's pursuant to the Joint Wastewater Treatment Agreement dated February 28, 2017, as amended on November 8, 2019. The District's current wastewater treatment capacity is sufficient to serve 720 esfc. The Phase 1 wastewater treatment plant consists of a 120,000 gpd plant that will adequately serve 489 esfc. With the Phase 1 wastewater treatment plant plus the capacity from the Joint Wastewater Treatment Plant, the District's wastewater treatment capacity will be sufficient to serve 1,209 esfc. Construction of Phase 2 wastewater treatment plant to serve the District is currently underway. The Phase 2 wastewater treatment plant consists of a 600,000 gpd plant that will adequately serve 2,448 esfc. Once complete, the total wastewater capacity for the District will be sufficient to serve 3,657 esfc.

Storm Drainage System

Undeveloped land within the District generally drains from west to east and generally towards the Willow Fork of Buffalo Bayou through a series of existing fields and shallow ditches. Development within the District consists of curb and gutter streets with underground storm sewers. The storm sewer discharges to District detention basins and conveyance channels located within of the District. The detention basins and conveyance channels drain east and outfall to the existing drainage channel within the Firethorne subdivision, and ultimately to Willow Fork of Buffalo Bayou.

100-Year Floodplain

No areas within the District are currently within the 100-year floodplain (1% chance of annual occurrence), as currently defined by the Flood Insurance Rate Maps panels published by the Federal Emergency Management Agency.

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Operating History

The following sets forth in condensed form the historical results of the District's general operating fund. Such summary has been prepared by the Financial Advisor for inclusion herein based on information obtained from the District's audited financial statements, reference to which is made for further and more complete information. The figures for the period ended December 31, 2023, are unaudited and were obtained from the District's June 27, 2023, bookkeepers report. See "APPENDIX A."

		Fiscal Year Ended December 31,			
	2023 (a)	2022	2021	2020	2019
Revenues					
Water Service	$ 326,734	$ 372,306	$ 232,112	$ 206,730	$ 108,675
Sewer Service	470,672	736,808	496,355	362,395	195,839
Property Taxes	1,949,349	1,790,315	1,178,247	805,757	544,116
Penalties and Interest	28,835	47,029	13,946	2,848	17,409
Ground Water Pumpage Fees	351,684	1,041,749	676,539	515,497	314,871
Tap Connection and Inspection	282,774	965,952	559,818	558,220	331,865
Miscellaneous	3,115	7,582	6,179	1,244	2,345
Investment Earnings	95,787	47,847	2,637	3,790	10,630
Total Revenues	$ 3,508,950	$ 5,012,858	$ 3,165,833	$ 2,456,481	$ 1,525,750
Expenditures					
Current Service Operations					
Purchased Services	$ 289,424	$ 566,507	$ 618,121	$ 438,483	$ 392,248
Professional Fees	96,868	277,365	182,822	185,358	162,773
Contracted Services	509,073	848,343	583,276	420,626	255,199
Repairs and Maintenance	165,208	306,977	204,152	88,409	82,169
Utilities	40,725	6,607	4,770	2,907	2,836
Regional Water Authority Costs	388,801	968,017	624,944	454,649	293,026
Administrative	30,488	70,440	60,595	39,999	32,895
Lease	170,550	0	0	0	0
Capital Outlay	0	212,198	0	0	0
Other	10,115	9,757	19,363	1,222	4,483
Total Expenditures	$ 1,701,252	$ 3,266,211	$ 2,298,043	$ 1,631,653	$ 1,225,629
Revenues Over / (Under Expenditures)	$ 1,807,698	$ 1,746,647	$ 867,790	$ 824,828	$ 300,121

(a) Unaudited.

Subsidence and Conversion to Surface Water Supply

The portion of the District located in Fort Bend County, Texas, is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including a portion of the area within the District. In 2005, the Texas legislature created the North Fort Bend Water Authority (the "Authority" as previously defined herein) to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Fort Bend County, Texas (including the District), and a small portion of Harris County, Texas. The Authority has entered into a Water Supply Contract with Houston to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The portion of the District located in Fort Bend County, Texas, is included within the Authority's GRP. While the District's water wells are not located within the boundaries of the Authority, the water imported into the portion of the District located within Fort Bend County, Texas, is within the Authority's boundaries, and therefore water usage in that portion of the District is subject to Authority import fees.

The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged or the payment of its obligations; (ii) establish fees (including fees imposed on the District for groundwater pumped or imported by the District), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. As of January 1, 2022, the Authority charges the District $4.55 per 1,000 gallons based on the amount of groundwater pumped or water imported and used within the Subsidence District. The Authority did not begin imposing its fee for imported water on the District until October 1, 2017. It is expected that the Authority will issue a substantial amount of bonds by the year 2025 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total water demand of the water users within the Authority's GRP, beginning January 2013; and (ii) limit groundwater withdrawals to no more than 40% of the total water demand of the water users within the Authority's GRP, beginning January 2025. If the Authority fails to comply with the above Subsidence District regulations, the Authority is subject to a substantial disincentive fee penalty of $3.25 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

THE ROAD SYSTEM

The District is primarily served by two thoroughfares, Jordan Ranch Boulevard and Texas Heritage Parkway, which provide residents of the District with access to Interstate 10 from the District's internal subdivision streets. Internal subdivision streets also connect to Jordan Crossing Boulevard, a collector road, which provides access to Jordan Ranch Boulevard and Texas Heritage Parkway.

Jordan Ranch Boulevard is designated as a major thoroughfare on the respective major thoroughfares plans of Waller County, Texas, and Fort Bend County, Texas. Jordan Ranch Boulevard and Jordan Crossing Boulevard consist of four lanes within a 100-foot-wide public right-of-way.

Jordan Crossing Boulevard is designated as a collector road on the major thoroughfare plan of Fort Bend County, Texas. Jordan Crossing Boulevard consists of two and four lanes within a 70-foot-wide and 100-foot-wide public right of way, respectively.

Waller County, Texas, and Fort Bend County, Texas, are responsible for ongoing maintenance of public roads in the District that are located within their respective boundaries.

Texas Heritage Parkway, is a principal thoroughfare consisting of four lanes within a 200-foot-wide public right-of-way from Interstate 10 to FM 1093 in Waller County, Texas, and Fort Bend County, Texas. It is an extension of Pederson Road in Waller County, Texas, that connects to Jordan Crossing Boulevard within the District. The road is designed to have limited access with roundabouts and designated U-turn lanes to control the flow of traffic.

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DISTRICT DEBT

General

The following tables and calculations relate to the Bonds. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

Bond Indebtedness

2023 Assessed Valuation	$ 652,985,800	(a)
Estimated Assessed Valuation as of May 1, 2023	$ 734,089,108	(b)
Direct Debt:		
The Outstanding Bonds (as of the Delivery of the Bonds)	$ 54,055,000	
The Utility Bonds	$ 16,275,000	
The Road Bonds	$ 21,225,000	
Total	$ 91,555,000	
Estimated Overlapping Debt	$ 45,356,523	(c)
Total Direct and Estimated Overlapping Debt	$ 136,911,523	(c)
Direct Debt Ratios:		
As a Percentage of the 2023 Assessed Valuation	14.02	%
As a Percentage of the Estimated Assessed Valuation as of May 1, 2023	12.47	%
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2023 Assessed Valuation	20.97	%
As a Percentage of the Estimated Assessed Valuation as of May 1, 2023	18.65	%
Utility System Debt Service Fund Balance (as of June 27, 2023)	$ 1,888,416	(d)
Road System Debt Service Fund Balance (as of June 27, 2023)	$ 1,390,008	(e)
Utility System Capital Projects Fund Balance (as of June 27, 2023)	$ 37,340	
Road System Capital Projects Fund Balance (as of June 27, 2023)	$ 2,392	
General Operating Fund Balance (as of June 27, 2023)	$ 6,050,878	

(a) Represents the assessed valuation of all taxable property within the District as of January 1, 2023, provided by the Appraisal Districts (herein defined). See "TAX PROCEDURES" and "TAX DATA."

(b) Provided by the Appraisal Districts for informational purposes only, this amount is an estimate of the assessed valuation of all taxable property within the District as of May 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2022, through May 1, 2023. No taxes will be levied against this amount. See "TAX PROCEDURES" and "TAX DATA."

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

(d) At the delivery of the Utility Bonds, six (6) months of capitalized interest will be deposited into the Utility System debt service fund. Neither Texas law nor the Utility Bond Order requires that the District maintain any particular sum in the Utility System debt service fund. Funds in the Utility System debt service fund are not available to pay debt service on bonds issued by the District for the Road System, including the Outstanding Road Bonds and the Road Bonds.

(e) At the delivery of the Road Bonds, $477,563 of capitalized interest will be deposited into the Road System debt service fund. Neither Texas law nor the Road Bond Order requires that the District maintain any particular sum in the Road System debt service fund. Funds in the Road System debt service fund are not available to pay debt service on bonds issued by the District for the Utility System, including the Outstanding Utility Bonds and the Utility Bonds.

Direct and Estimated Overlapping Debt Statement

The following statement indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or *Texas Municipal Reports* published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the 2023 Assessed Valuation of taxable property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes. Totals may not sum due to rounding.

Taxing Jurisdiction	Outstanding Debt as of May 31, 2023	Overlapping Percent	Overlapping Amount
Fort Bend County	$ 820,682,050	0.42%	$ 3,420,275
Fort Bend County Drainage District	23,615,000	0.42%	99,219
Lamar Consolidated Independent School District	2,312,735,000	1.79%	41,443,518
Waller County	71,955,000	0.08%	58,978
Katy Independent School District	2,273,301,460	0.01%	334,533
Total Estimated Overlapping Debt			$ 45,356,523
Direct Debt (a)			$ 91,555,000
Total Direct and Estimated Overlapping Debt (a)			$136,911,523

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

Ratio of Direct Debt (a):	
As a Percentage of the 2023 Assessed Valuation	14.02 %
As a Percentage of the Estimated Assessed Valuation as of May 1, 2023	12.47 %
Ratio of Direct and Estimated Overlapping Debt (a):	
As a Percentage of the 2023 Assessed Valuation	20.97 %
As a Percentage of the Estimated Assessed Valuation as of May 1, 2023	18.65 %

(a) Includes the Outstanding Bonds and the Bonds.

Debt Service Requirement Schedule

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

Year	Outstanding Debt Service (a)	The Utility Bonds Principal	The Utility Bonds Interest	The Utility Bonds Debt Service	The Road Bonds Principal	The Road Bonds Interest	The Road Bonds Debt Service	Total Combined Debt Service
2024	$ 3,497,471	$ 415,000	$ 718,367	$ 1,133,367	$ 540,000	$ 936,737	$ 1,476,737	$ 6,107,575
2025	3,487,209	380,000	747,313	1,127,313	495,000	974,556	1,469,556	6,084,078
2026	3,487,976	400,000	722,613	1,122,613	520,000	942,381	1,462,381	6,072,970
2027	3,481,489	415,000	696,613	1,111,613	545,000	908,581	1,453,581	6,046,683
2028	3,473,595	435,000	669,638	1,104,638	565,000	873,156	1,438,156	6,016,389
2029	3,481,025	455,000	641,363	1,096,363	590,000	836,431	1,426,431	6,003,819
2030	3,480,590	475,000	611,788	1,086,788	620,000	798,081	1,418,081	5,985,459
2031	3,491,150	495,000	580,913	1,075,913	645,000	757,781	1,402,781	5,969,844
2032	3,493,381	520,000	548,738	1,068,738	675,000	715,856	1,390,856	5,952,975
2033	3,507,631	540,000	527,938	1,067,938	705,000	688,856	1,393,856	5,969,425
2034	3,509,418	565,000	506,338	1,071,338	740,000	660,656	1,400,656	5,981,411
2035	3,502,811	590,000	483,738	1,073,738	770,000	631,056	1,401,056	5,977,605
2036	3,507,980	615,000	460,138	1,075,138	805,000	600,256	1,405,256	5,988,374
2037	3,529,033	645,000	435,538	1,080,538	840,000	568,056	1,408,056	6,017,626
2038	3,515,525	675,000	409,738	1,084,738	880,000	534,456	1,414,456	6,014,719
2039	3,523,006	705,000	381,894	1,086,894	920,000	498,156	1,418,156	6,028,056
2040	3,530,575	735,000	351,931	1,086,931	960,000	459,056	1,419,056	6,036,563
2041	3,542,931	770,000	320,694	1,090,694	1,005,000	418,256	1,423,256	6,056,881
2042	3,560,894	805,000	287,969	1,092,969	1,050,000	375,544	1,425,544	6,079,406
2043	3,139,144	840,000	252,750	1,092,750	1,095,000	329,606	1,424,606	5,656,500
2044	3,144,944	880,000	216,000	1,096,000	1,145,000	281,700	1,426,700	5,667,644
2045	2,630,869	915,000	176,400	1,091,400	1,195,000	230,175	1,425,175	5,147,444
2046	2,199,294	960,000	135,225	1,095,225	1,250,000	176,400	1,426,400	4,720,919
2047	1,735,719	1,000,000	92,025	1,092,025	1,305,000	120,150	1,425,150	4,252,894
2048	–	1,045,000	47,025	1,092,025	1,365,000	61,425	1,426,425	2,518,450
Total	$ 79,453,659	$ 16,275,000	$ 11,022,679	$ 27,297,679	$ 21,225,000	$ 14,337,368	$ 35,602,368	$142,353,706

(a) Outstanding debt as of the Date of Delivery.

Combined Average Annual Debt Service Requirement (2024–2048)..$ 5,694,148

Combined Maximum Annual Debt Service Requirement (2024)..$ 6,107,575

TAX 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 Utility Bonds, the Utility Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Utility System and to pay the expenses of assessing and collecting such taxes. In the Bond Orders, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment." The Board is also authorized to levy an annual ad valorem tax, without legal limit as to rate or amount, on all taxable property in the District in sufficient amount to pay the principal of and interest on the Outstanding Road Bonds, the Road Bonds, and any additional bonds payable from taxes that the District may hereafter issue for the purpose of acquiring or constructing the Road System and to pay the expenses of assessing and collecting such taxes. In the Bond Orders, the District agrees 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 maintenance and operations of the District for the payment of certain contractual obligations. See "TAX DATA – Tax Rate Limitation."

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 Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county 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 the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District and the Waller County Appraisal District (together, the "Appraisal Districts") have the responsibility for appraising property for all taxing units within Fort Bend County, Texas, and Waller County, Texas, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board and the Waller County Appraisal Review Board (together, the "Appraisal Review Boards"). The appraisal roll as approved by the Appraisal Review Boards must be used by the District in establishing its tax roll and tax rate.

Property Subject to Taxation by the District

General: 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 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; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board. The District did not adopt such exemption for the 2021 tax year. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent allowed by law. The disabled veteran exemption ranges between $5,000 and $12,000, depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption of the full value of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence 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 entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions*:* The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to 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 by May 1. The District has not adopted a general homestead exemption.

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 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 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

Fort Bend County, Texas; Waller County, Texas; and the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County, Texas; Waller County, Texas; the City (if it were to annex the District); 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 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, Fort Bend County, Texas; Waller County, Texas; and the City 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 Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10% annually regardless of the market value of the property.

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20 percent of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023; however, the provisions described hereinabove will take effect January 1, 2024, but only if the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, is approved by the voters.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by 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 and taxes for the previous five years for open space land and timberland.

The Property Tax 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 its appraisal roll.

Disaster Exemption

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the Governor of Texas (the "Governor"). 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.

Tax Payment Installments After Disaster

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Boards 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 Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals 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 date of delinquency may be postponed if the tax bills are mailed after January 1. A person 65 years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to 20% if imposed by the District. The delinquent tax also accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least 65 years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

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 in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or the President of the United States (the "President"), 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a resident homestead in the District in that year, subject to certain homestead exemptions.

The District

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 against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are 65 years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, 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, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two years after the deed issued at foreclosure is filed of record and may redeem all other property within six months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS – Tax Collections Limitations."

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Orders 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. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an unlimited amount, for operation and maintenance purposes. For the 2022 tax year, the District levied a total tax rate of $1.30 per $100 of assessed valuation composed of the following: a tax rate in the amount of $0.50 for maintenance and operations purposes; a tax rate in the amount of $0.48 for payment of debt service on bonds issued for the Utility System; and a tax rate in the amount of $0.32 for payment of debt service on bonds issued for the Road System.

Tax Rate Limitation

Utility System Debt Service:	Unlimited (no legal limit as to rate or amount)
Road System Debt Service:	Unlimited (no legal limit as to rate or amount)
Maintenance and Operations:	$1.50 per $100 Assessed Taxable Value

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Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information. The District first levied an ad valorem tax in 2015.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 05/31/2023
2018	$ 70,059,123	1.50	$ 1,050,887	99.53%	2018	100.00%
2019	112,580,126	1.50	1,688,702	99.27%	2020	100.00%
2020	169,902,813	1.45	2,463,591	99.84%	2021	100.00%
2021	252,510,124	1.40	3,535,142	99.72%	2022	99.76%
2022	413,700,460	1.30	5,378,106	98.38% (b)	2023	98.38%

(a) Total tax rate per $100 of assessed valuation for each respective tax year. See "TAX DATA – Tax Rate Distribution."

(b) In process of collections.

Analysis of Tax Base

The following table illustrates the composition of property located within the District for the 2019–2023 tax years:

Type of Property	2023 Assessed Valuation	2022 Assessed Valuation	2021 Assessed Valuation	2020 Assessed Valuation	2019 Assessed Valuation
Land	$124,201,896	$102,712,880	$ 79,882,500	$ 59,295,110	$ 47,738,320
Improvements	554,951,880	332,186,494	186,879,773	121,470,282	74,342,740
Personal Property	1,089,237	861,962	986,156	795,628	396,930
Exemptions	(27,257,213)	(22,060,876)	(15,238,305)	(11,658,207)	(9,897,864)
Total	$652,985,800	$413,700,460	$252,510,124	$169,902,813	$112,580,126

Tax Rate Distribution

The following table illustrates the breakdown of the District's tax rate in the 2018–2022 tax years:

	2022	2021	2020	2019	2018
Utility System Debt Service (a)	$0.480	$0.530	$0.600	$0.520	$0.470
Road System Debt Service (a)	$0.320	$0.200	$0.220	$0.220	$0.155
Maintenance & Operations	$0.500	$0.670	$0.630	$0.760	$0.875
Total	$1.300	$1.400	$1.450	$1.500	$1.500

(a) The District is authorized to levy separate taxes for payment of debt service on bonds issued by the District for the Utility System and for payment of debt service on bonds issued by the District for the Road System; both such taxes are unlimited as to rate or amount. See "THE BONDS – Authority for Issuance."

Principal Taxpayers

Based upon information supplied by the Tax Assessor/Collector, the following table lists principal taxpayers in the District, the types of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2023:

Taxpayer	Type of Property	Assessed Valuation 2023 Tax Roll	Percent of 2023 Tax Roll
Broadstone Jordan Ranch Owner LP	Land & Improvements	$ 27,804,490	4.26%
Vic at Jordan Ranch LLC	Land & Improvements	15,161,290	2.32%
Westin Homes & Properties LP	Land, Improvements	7,134,976	1.09%
Commons at Jordan Ranch LLC	Land & Improvements	4,569,725	0.70%
Perry Homes LLC	Land & Improvements	3,732,711	0.57%
JR Childcare Holding LLC	Land & Improvements	2,785,887	0.43%
Corp. of the Presiding Bishop of the Church	Land	2,116,145	0.32%
J Patrick Homes LTD	Land & Improvements	2,090,390	0.32%
Highland Homes-Houston LLC	Land & Improvements	1,610,892	0.25%
Fort Bend Jordan Ranch LP (a)	Land & Improvements	1,515,473	0.23%
Total		$ 68,521,979	10.49%

(a) See "THE DEVELOPER."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of assessed taxable valuation that would be required to meet certain combined debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the District's assessed valuation as of January 1, 2023, of all taxable property located within the District ($652,985,800) or the Estimated Assessed Valuation as of May 1, 2023, of all taxable property located within the District ($734,089,108). 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.

Combined Average Annual Debt Service Requirement (2024–2048) on the Bonds	$ 5,694,148
Combined Tax Rate of $0.92 on the 2023 Assessed Valuation Produces	$ 5,707,096
Combined Tax Rate of $0.82 on the Estimated Assessed Valuation (May 1, 2023) Produces	$ 5,718,554
Combined Maximum Annual Debt Service Requirement (2024) on the Bonds	$ 6,107,575
Combined Tax Rate of $0.99 on the 2023 Assessed Valuation Produces	$ 6,141,331
Combined Tax Rate of $0.88 on the Estimated Assessed Valuation (May 1, 2023) Produces	$ 6,136,985

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Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2022 taxes levied upon property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Direct and Estimated 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.

	2022 Tax Rate	
Taxing Jurisdiction	Fort Bend County	Waller County
The District	$ 1.300000	$ 1.300000
Fort Bend County	0.438300	–
Fort Bend County Drainage District	0.012900	–
Fort Bend County Emergency Services District No. 4	0.096958	–
Lamar Consolidated Independent School District	1.242000	–
Waller County	–	0.522593
Waller County FM Road	–	0.025852
Waller-Harris Emergency Services District No. 200	–	0.097426
Brookshire-Katy Drainage District	–	0.065430
Katy Independent School District	–	1.351700
Estimated Total Tax Rate	$ 3.090158	$ 3.363001

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and are not obligations of Texas; Fort Bend County, Texas; Waller County, Texas; the City; or any political subdivision other than the District, will be secured by two separate annual ad valorem taxes, each without legal limitation as to rate or amount, levied by the District upon all taxable property located within the District. See "THE BONDS – Source of Payment." 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 development and construction industries, not only due to general economic conditions, but also due to the particular factors discussed below.

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 landowners, the Developer, or any other landowner in 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 landowner'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 WITHIN THE DISTRICT," "THE DEVELOPER," and "TAX DATA – Principal Taxpayers."

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2023, the District's principal taxpayers owned property located within the District which comprised of, in aggregate, approximately 10.49% of the total assessed valuation of all taxable property located within the District. As of January 1, 2023, the Developer owned property comprising of approximately 0.23% of the total assessed valuation of all taxable property located within the District. See "THE DEVELOPER – Description."

In the event that the Developer, any other taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's combined debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Orders to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAX PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The assessed valuation as of January 1, 2023, of all taxable property located within the District is $652,985,800 and the Estimated Assessed Valuation as of May 1, 2023, of all taxable property located within the District is $734,089,108. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds will be $6,107,575 (2024) and the average annual debt service requirement on the Outstanding Bonds and the Bonds will be $5,694,148 (2024–2048). Assuming no decrease to the District's assessed valuation as of January 1, 2023, of all taxable property located within the District, tax rates of $0.99 and $0.92 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 requirement, respectively. Assuming no decrease from the District's Estimated Assessed Valuation as of May 1, 2023, of all taxable property located within the District, tax rates of $0.88 and $0.82 per $100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "TAX DATA – Tax Rate Calculations." The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners.

For the 2022 tax year, the District levied a total tax rate of $1.30 per $100 of assessed valuation composed of the following: a tax rate in the amount of $0.50 for maintenance and operations purposes; a tax rate in the amount of $0.48 for payment of debt service on bonds issued for the Utility System; and a tax rate in the amount of $0.32 for payment of debt service on bonds issued for the Road System. Increases in the District's tax rate to substantially higher levels than the current tax rate of $1.30 per $100 of assessed valuation which the District presently levied 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. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a registered owner of the Bonds of the District's obligations to collect sufficient taxes may be a costly and lengthy process.

Competitive Nature of Houston Residential Market

The residential 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 homebuilder(s) will be continued or completed. The respective competitive position of the homebuilders listed herein and any other developer or homebuilder(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 Collections Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (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 years of foreclosure for residential homestead and agricultural use property and within six months of foreclosure for 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 years of foreclosure and all other property within six 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 "TAX PROCEDURES."

Bondholders' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered holders of the Bonds (the "Bondholders") have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Orders do not provide for remedies to protect and enforce the interests of the Bondholders. 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. Based on recent Texas court decisions, it is unclear whether, §49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Bondholders 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 Bondholders cannot themselves foreclose on property within the District or sell property of the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Bondholders would have to initiate and finance the legal process to enforce their remedies.

Bankruptcy Limitation to Bondholders' Rights

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (1) is authorized to file for federal bankruptcy protection by Texas law; (2) is insolvent or unable to meet its debts as they mature; (3) desired to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must also obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial conditions of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If the District decides in the future to proceed voluntarily under the federal Bankruptcy Code, the District could develop and file a plan for the adjustment of its debts. If such a plan was confirmed by the bankruptcy court, it could, among other things, affect the Beneficial Owners by reducing or eliminating the interest rate or the principal amount, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Beneficial Owners' claims against the District.

The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding with the Initial Purchasers regarding the reoffering yields or prices of the Bonds (other than the initial reoffering yields) and has no control over the trading of the Bonds in the secondary market. 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

At an election held within the District on November 3, 2015, voters of the District authorized the issuance of a total of $164,300,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System, a total of $87,900,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System, and a total of $38,000,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District. Additional amounts may be authorized.

The Utility Bonds represent the sixth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Utility System and the Road Bonds represent the sixth series of unlimited tax bonds issued by the District for the purpose of constructing or acquiring the Road System. After issuance of the Bonds, the following principal amounts of unlimited tax bonds will remain authorized but unissued: $113,230,000 for the purpose of constructing or acquiring the Utility System; $44,530,000 for the purpose of constructing or acquiring the Road System; and $38,000,000 for the purpose of constructing or acquiring parks and recreational facilities to serve the District.

The District may also issue any additional bonds as may hereafter be approved by both the Board and voters of the District, as well as certain additional bonds, revenue bonds, special project bonds, and other obligations as described in the Bond Orders. The District's issuance of the remaining $113,230,000 unlimited tax bonds for the purpose of constructing or acquiring the Utility System and the $38,000,000 unlimited tax bonds for the purpose of constructing or acquiring parks and recreational facilities to serve the District shall be subject to approval by the TCEQ. See "THE BONDS – Issuance of Additional Debt."

According to the Developer, following the issuance of the Bonds, the District will owe the Developer approximately $31,565,697 for its expenditures for the construction or acquisition of the Utility System, approximately $12,625,120 for its expenditures for the construction or acquisition of the Road System, and approximately $10,179,514 for expenditures for the construction or acquisition of parks and recreational facilities to serve the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Continuing Compliance with Certain Covenants

The Bond Orders contain covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by 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."

Consolidation

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one or more districts, although no consolidation is presently contemplated by the District.

Approval of the Bonds

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

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.

The HGB Area is currently designated as a "severe" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB Area is currently designated as a "moderate" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("CGP"), with an effective date of March 5, 2023, 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. The CGP 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.

On May 25, 2023, the Supreme Court of the United States issued its decision in Sackett v. EPA, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the Sackett decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection.

While the Sackett decision removed a great deal of uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Dependence on the Oil and Gas Industry

Recently, unprecedented volatility in the oil and gas industry due to the unused supply of oil as a result of COVID-19 stay-at-home orders and other mitigation efforts resulted in historic low prices in a key segment of the nation's oil trading. Adverse developments in economic conditions, particularly in the oil and gas industry, could adversely impact the businesses of taxpayers and the property values in the District, resulting in less local tax revenue. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak – COVID-19." Texas may be particularly at risk from any global slowdown in the oil and gas industry, given the prevalence of international trade in Texas and the risk of contraction in the oil and gas industry and spillover effects into other industries. Should oil prices remain depressed over a long period of time or other adverse developments in economic conditions were to occur, particularly in the oil and gas industry, these businesses could be adversely impacted.

Infectious Disease Outbreak – COVID-19

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

Since such time, COVID-19 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) 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.

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, the Engineer (herein defined), and the Operator (herein defined), Hurricane Harvey caused no damage to the Utility System and there was no interruption to water and sewer service in the District. Further, to the best knowledge of the Developer, the Engineer, and the Operator, 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.

As a result of the damages caused by Hurricane Harvey, a number of Texas counties, including Fort Bend County, Texas, and Waller County, Texas, were declared disaster areas by the Governor. See "TAX PROCEDURES – Reappraisal of Property."

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

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 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 valuation of the District or an increase in the District's tax rate.

There can be no assurance that a casualty will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the provider of the Policy (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 claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See "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 the Initial Purchasers have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal of 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" for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

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

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from an annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of Bond Counsel that, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion will further state that the interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX MATTERS." The legal opinion of Bond Counsel will be printed on the Bonds, if certificated Bonds are issued. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel.

No-Litigation Certificate

The District will furnish the Initial Purchasers a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

The obligations of the Initial 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 financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes is excludable from the gross income of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986 (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022, and (2) the Bonds will not be treated as "specified private activity bonds," the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Code, as amended.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that such Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership, or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an Internal Revenue Service audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between

(i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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 Original Issue Discount Bond was held by such initial owner) is includable in gross income.

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 date 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 Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the 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 and 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 Original Issue Discount Bond.

The federal income tax consequences of the purchase, ownership, 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 the treatment of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law, which is subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

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

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

Not Qualified Tax-Exempt Obligations

The District has not designated the Bonds as "qualified tax-exempt obligations" for financial institutions.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 10 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-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12 of the Securities Exchange Act (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, 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 within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. 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 Orders make any provision for debt service reserves or liquidity enhancement. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. 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 MSRB

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access continuing disclosure information filed with the MSRB through its EMMA system at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. 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. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of such Rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

Due to an administrative oversight, the District’s audit for the fiscal year ended December 31, 2018, originally filed on June 13, 2019, was filed incorrectly. Such audit was correctly filed on July 17, 2019. All related information and notices have been filed as of this date. The District has instituted procedures to ensure timely filing of all future annual financial data.

Except to the extent the preceding is deemed to be material, the District has complied in all material respects with its continuing disclosure undertakings pursuant to the Rule.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Developer, 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.

The District's financial statements for the fiscal year ended December 31, 2022, were audited by the Auditor and have been attached hereto as "APPENDIX A." The Auditor has agreed to the publication of such audited financial statements as part of this Official Statement.

Experts

The information contained in this Official Statement relating to development within the District generally and, in particular, the information in the section captioned "DEVELOPMENT WITHIN THE DISTRICT – Current Status" has been provided by the Developer and has been included herein in reliance upon the authority and knowledge of each such party concerning the matters described therein.

The information contained in this Official Statement relating to engineering matters and to the description of the Utility System generally and, in particular, the engineering information included in the sections captioned "THE UTILITY SYSTEM" and "THE ROAD SYSTEM," has been provided by the Engineer. Such information has been included herein in reliance upon the authority of said firm as expert in the field of civil engineering.

The information contained in this 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 the Tax Assessor/Collector and the Appraisal Districts. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of property appraisal.

Certification of 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 Purchasers, of any adverse event which causes the Official Statement to be materially misleading, and unless the Initial Purchasers elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Initial Purchasers an appropriate amendment or supplement to the Official Statement satisfactory to the Initial Purchasers; 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 Purchasers, unless the Initial Purchasers notify 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 Fulshear Municipal Utility District No. 3A as of the date shown on the cover of this Official Statement.

/s/ Glen Nordt
President, Board of Directors
Fulshear Municipal Utility District No. 3A

ATTEST:

/s/ Caleb Davis
Secretary, Board of Directors
Fulshear Municipal Utility District No. 3A

APPENDIX A

Financial Statements of the District

FULSHEAR MUNICIPAL UTILITY DISTRICT NO. 3A

FORT BEND AND WALLER COUNTIES, TEXAS

FINANCIAL REPORT

December 31, 2022

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McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Fulshear Municipal Utility District No. 3A
Fort Bend and Waller Counties, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fulshear Municipal Utility District No. 3A (the "District"), as of and for the year ended December 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fulshear Municipal Utility District No. 3A, as of December 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. 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.

Emphasis of Matter

As further discussed in Note 1 and Note 3, the District merged with Fulshear Municipal Utility District No. 3B during the current fiscal year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
April 25, 2023

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Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Fulshear Municipal Utility District No. 3A (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

During the current fiscal year, the District assumed the assets and liabilities of Fulshear Municipal Utility District 3B (MUD 3B). In accordance with accounting standards, current year balances and transactions for MUD 3B are consolidated with the District as if the two entities were combined at the beginning of the fiscal year. Prior year amounts exclude data for MUD 3B.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at December 31, 2022, was negative $33,849,779. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Fort Bend and Waller Counties. A comparative summary of the District's overall financial position, as of December 31, 2022 and 2021, is as follows:

	2022	2021
Current and other assets	$ 11,262,389	$ 7,128,555
Capital assets	52,958,116	36,784,852
Total assets	64,220,505	43,913,407
Current liabilities	11,673,656	8,873,911
Long-term liabilities	80,989,354	53,456,566
Total liabilities	92,663,010	62,330,477
Total deferred inflows of resources	5,407,274	3,538,455
Net position		
Net investment in capital assets	(11,853,416)	(7,407,582)
Restricted	275,862	297,009
Unrestricted	(22,272,225)	(14,844,952)
Total net position	$ (33,849,779)	$ (21,955,525)

The total net position of the District decreased during the current fiscal year by $11,792,915, primarily as a result of transfers to other governments for road facilities. A comparative summary of the District's *Statement of Activities* for the past two years is as follows (prior year data does not include 3B):

	2022	2021
Revenues		
Water and sewer service	$ 1,112,114	$ 728,467
Property taxes, penalties and interest	3,763,679	2,569,089
Other	2,105,510	1,245,680
Total revenues	6,981,303	4,543,236
Expenses		
Current service operations	3,139,585	2,340,259
Debt interest and fees	1,415,030	780,724
Developer interest	2,996,382	392,072
Debt issuance costs	2,171,826	939,279
Depreciation and amortization	1,324,087	975,933
Total expenses	11,046,910	5,428,267
Change in net position before other item	(4,065,607)	(885,031)
Other item		
Transfers to other governments	(7,727,308)	(53,085)
Change in net position	(11,792,915)	(938,116)
Net position, beginning of year	(22,056,864)	(21,017,409)
Net position, end of year	$ (33,849,779)	$ (21,955,525)

Net position as of the end of the 2021 fiscal year does not agree to beginning net position as of the 2022 fiscal year because MUD 3B is included in the 2022 beginning balance (See Note 3).

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2022, were $5,084,958, which consists of $4,010,274 in the General Fund, $1,044,641 in the Debt Service Fund, and $30,043 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of December 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 6,797,547	$ 4,244,291
Total liabilities	$ 703,445	$ 320,578
Total deferred inflows	2,083,828	1,695,247
Total fund balance	4,010,274	2,228,466
Total liabilities, deferred inflows and fund balance	$ 6,797,547	$ 4,244,291

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows (prior year data does not include MUD 3B):

	2022	2021
Total revenues	$ 5,012,858	$ 3,165,833
Total expenditures	(3,266,211)	(2,298,043)
Revenues over expenditures	1,746,647	867,790
Other changes in fund balance	34,000	
Net change in fund balance	$ 1,780,647	$ 867,790

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District, tap connection fees charged to homebuilders in the District and developer advances (MUD 3B). Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2021 levy was recognized as revenues in the 2022 fiscal year, while the 2020 levy was recognized in the 2021 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from prior year because the District increased its maintenance tax levy and assessed values in the District increased.
- Water, sewer and regional water authority revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District
- MUD 3B received advances from its developer as needed to pay operating costs.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of December 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 4,416,634	$ 2,505,393
Total liabilities	$ 37,942	$ 38,351
Total deferred inflows	3,334,051	1,848,427
Total fund balance	1,044,641	618,615
Total liabilities, deferred inflows and fund balance	$ 4,416,634	$ 2,505,393

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

	2022	2021
Total revenues	$ 1,942,591	$ 1,383,849
Total expenditures	(1,831,931)	(1,312,332)
Revenues over expenditures	110,660	71,517
Other changes in fund balance	315,366	82,322
Net change in fund balance	$ 426,026	$ 153,839

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of December 31, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 48,208	$ 378,871
Total liabilities	$ 18,165	$ -
Total fund balance	30,043	378,871
Total liabilities and fund balance	$ 48,208	$ 378,871

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

	2022	2021
Total revenues	$ 20,468	$ 150
Total expenditures	(27,313,930)	(11,414,643)
Revenues under expenditures	(27,293,462)	(11,414,493)
Other changes in fund balance	26,944,634	11,212,678
Net change in fund balance	$ (348,828)	$ (201,815)

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2022 Unlimited Tax Bonds, Series 2022 Unlimited Tax Road Bonds, and Series 2022 Bond Anticipation Note in the current year; and issuance of its Series 2021 Unlimited Tax Bonds, Series 2021 Unlimited Tax Road Bonds, and Series 2021 Bond Anticipation Note in the prior year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The budget was not amended during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $737,147 greater than budgeted. The *Budgetary Comparison Schedule* on page 44 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Capital assets not being depreciated		
Land and improvements	$ 12,621,804	$ 9,204,947
Capital assets being depreciated/amortized:		
Infrastructure	34,818,400	22,006,986
Landscaping improvements	8,841,818	7,572,738
Capacity charges	1,504,079	1,504,079
	45,164,297	31,083,803
Less accumulated depreciation/amortization:		
Infrastructure	(2,853,734)	(2,011,684)
Landscaping improvements	(1,828,307)	(1,386,215)
Capacity charges	(145,944)	(105,999)
	(4,827,985)	(3,503,898)
Depreciable capital assets, net	40,336,312	27,579,905
Capital assets, net	$ 52,958,116	$ 36,784,852

Capital asset additions during the current year include the following:

- Utilities to serve Jordan Ranch Street Dedications 8-10
- Utilities to serve Jordan Ranch Section 25-34
- Phase 4 stormwater detention facilities
- Detention Basins 10A, 12, 13, 14, and 15
- Texas Heritage Parkway utilities extension to serve Jordan Ranch
- Jordan Ranch Sections 20 through 24 landscaping

Fort Bend and Waller Counties assumes responsibility (after a one-year maintenance period) for road facilities constructed within their respective boundaries. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended December 31, 2022, capital assets in the amount of $7,727,308 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of December 31, 2022, the District owes approximately $26,934,354 to developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 8, the District has an additional commitment in the amount of $31,813,217 for projects under construction by the developers. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At December 31, 2022 and 2021, the District had total bonded debt outstanding as shown below:

Series	2022	2021
2018	$ 4,350,000	$ 4,485,000
2018 Road	1,430,000	1,475,000
2019	5,260,000	5,415,000
2019 Road	2,620,000	2,695,000
2020	4,895,000	5,040,000
2020 Road	2,430,000	2,505,000
2021	7,155,000	7,355,000
2021 Road	1,450,000	1,490,000
2022	11,730,000	
2022 Road	13,650,000	
	$ 54,970,000	$ 30,460,000

During the current year, the District issued $11,730,000 in unlimited tax bonds and $13,650,000 in unlimited tax road bonds. At December 31, 2022, the District had $129,505,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and $246,450,000 for the refunding of such bonds; $65,755,000 for road improvements and $131,850,000 for the refunding of such bonds and $38,000,000 for parks and recreational facilities.

During the year, the District issued a $9,200,000 bond anticipation note (BAN) to provide short-term financing for developer reimbursements. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Note 6 for additional information.

Next Year's Budget

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

	2022 Actual	2023 Budget
Total revenues	$ 5,012,858	$ 3,518,227
Total expenditures	(3,266,211)	(2,176,800)
Revenues over expenditures	1,746,647	1,341,427
Other changes in fund balance	34,000	
Net change in fund balance	1,780,647	1,341,427
Beginning fund balance	2,229,627	4,010,274
Ending fund balance	$ 4,010,274	$ 5,351,701

Property Taxes

The District's property tax base increased approximately $163,480,000 for the 2022 tax year from $252,464,634 to $415,944,161 (excluding MUD 3B). This increase was primarily due to new construction in the District and increased property values. For the 2022 tax year, the District has levied a maintenance tax rate of $0.50 per $100 of assessed value; a water, sewer, and drainage debt service tax rate of $0.48 per $100 of assessed value; and a road debt service tax rate of $0.32 per $100 of assessed value, for a total combined tax rate of $1.30 per $100 of assessed value. Tax rates for the 2021 tax year were $0.67 per $100 for maintenance and operations; $0.53 per $100 for water, sewer, and drainage debt service; and $0.20 per $100 for road debt service; for a combined total of $1.40 per $100 of assessed value. MUD 3B has not levied a tax.

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Basic Financial Statements

Fulshear Municipal Utility District No. 3A
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Assets				
Cash	$ 446,268	$ 4,106,764	$ 1,394	$ 4,554,426
Investments	3,980,989	1,230,318	46,113	5,257,420
Taxes receivable	459,006	734,333		1,193,339
Customer service receivables	211,894			211,894
Accrued interest receivable	1,969			1,969
Internal balances (Note 5)	1,654,080	(1,654,781)	701	
Prepaid items	34,621			34,621
Other receivables	8,720			8,720
Capital assets not being depreciated (Note 6)				
Capital assets, net (Note 6)				
Total Assets	$ 6,797,547	$ 4,416,634	$ 48,208	$ 11,262,389
Liabilities				
Accounts payable	$ 352,673	$ -	$ 18,165	$ 370,838
Other payables		23,364		23,364
Customer deposits	200,550			200,550
Unearned revenue	150,222			150,222
Accrued interest payable		14,578		14,578
Bond anticipation note payable (Note 7)				
Due to developer (Note 8)				
Long-term debt				
Due within one year				
Due after one year				
Total Liabilities	703,445	37,942	18,165	759,552
Deferred Inflows of Resources				
Deferred property taxes (Note 1)	2,083,828	3,334,051		5,417,879
Fund Balances/Net Position				
Fund Balances				
Nonspendable	34,621			34,621
Restricted		1,044,641	30,043	1,074,684
Unassigned	3,975,653			3,975,653
Total Fund Balances	4,010,274	1,044,641	30,043	5,084,958
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,797,547	$ 4,416,634	$ 48,208	$ 11,262,389
Net Position				
Net investment in capital assets				
Restricted for debt service				
Unrestricted				
Total Net Position				

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 4,554,426
	5,257,420
	1,193,339
	211,894
	1,969
	34,621
	8,720
12,621,804	12,621,804
40,336,312	40,336,312
52,958,116	64,220,505
	370,838
	23,364
	200,550
	150,222
799,104	813,682
9,200,000	9,200,000
26,934,354	26,934,354
915,000	915,000
54,055,000	54,055,000
91,903,458	92,663,010
(10,605)	5,407,274
(34,621)	
(1,074,684)	
(3,975,653)	
(5,084,958)	
(11,853,416)	(11,853,416)
275,862	275,862
(22,272,225)	(22,272,225)
$ (33,849,779)	$ (33,849,779)

Fulshear Municipal Utility District No. 3A
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total
Revenues				
Water service	$ 372,306	$ -	$ -	$ 372,306
Sewer service	739,808			739,808
Property taxes	1,790,315	1,906,498		3,696,813
Penalties and interest	47,029	14,451		61,480
Regional Water Authority fees	1,041,749			1,041,749
Tap connection and inspection	965,952			965,952
Miscellaneous	7,852			7,852
Investment earnings	47,847	21,642	20,468	89,957
Total Revenues	5,012,858	1,942,591	20,468	6,975,917
Expenditures/Expenses				
Current service operations				
Purchased services	566,507			566,507
Professional fees	277,365			277,365
Contracted services	848,343	73,557		921,900
Repairs and maintenance	306,977			306,977
Utilities	6,607			6,607
Regional Water Authority costs	968,017			968,017
Administrative	70,440	11,811		82,251
Other	9,757	10	194	9,961
Capital outlay (Note 8)	212,198		22,081,173	22,293,371
Debt service				
Principal		870,000		870,000
Interest and fees		876,553	64,355	940,908
Developer interest			2,996,382	2,996,382
Debt issuance costs			2,171,826	2,171,826
Depreciation/amortization (Note 6)				
Total Expenditures/Expenses	3,266,211	1,831,931	27,313,930	32,412,072
Revenues Over/(Under) Expenditures/Expenses	1,746,647	110,660	(27,293,462)	(25,436,155)
Other Financing Sources/(Uses)				
Proceeds from sale of bonds (Note 9)		315,366	25,064,634	25,380,000
Proceeds from bond anticipation note (Note 7)			9,200,000	9,200,000
Repayment of bond anticipation note (Note 7)			(7,320,000)	(7,320,000)
Developer advances (Note 8)	34,000			34,000
Other Item				
Transfers to other governments (Note 11)				
Net Change in Fund Balances	1,780,647	426,026	(348,828)	1,857,845
Change in Net Position				
Fund Balances/Net Position				
Beginning of the year (Note 3)	2,229,627	618,615	378,871	3,227,113
End of the year	$ 4,010,274	$ 1,044,641	$ 30,043	$ 5,084,958

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 372,306
	739,808
4,379	3,701,192
1,007	62,487
	1,041,749
	965,952
	7,852
	89,957
5,386	6,981,303
	566,507
	277,365
	921,900
	306,977
	6,607
	968,017
	82,251
	9,961
(22,293,371)	
(870,000)	
474,122	1,415,030
	2,996,382
	2,171,826
1,324,087	1,324,087
(21,365,162)	11,046,910
21,370,548	(4,065,607)
(25,380,000)	
(9,200,000)	
7,320,000	
(34,000)	
(7,727,308)	(7,727,308)
(1,857,845)	
(11,792,915)	(11,792,915)
(25,283,977)	(22,056,864)
$ (38,934,737)	$ (33,849,779)

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fulshear Municipal Utility District No. 3A (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation and Merger

Fulshear Municipal Utility District No. 3 ("MUD 3") was created pursuant to Senate Bill 1910, 83rd Legislature of the State of Texas, Regular Session, (the "Act") codified as Chapter 8487, Texas Special District Local Laws Code, in accordance with Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution and confirmed at an election held on May 9, 2015. On August 18, 2015, the City Council of the City of Fulshear consented to the division of MUD 3 into two Districts: Fulshear Municipal Utility District No. 3A ("MUD 3A") and Fulshear Municipal Utility District No. 3B ("MUD 3B"). On December 16, 2022, MUD 3A and MUD 3B entered into that certain Assignment and Assumption of Assets and Liabilities (the "Agreement") pursuant to which the MUD 3A and MUD 3B agreed that all assets and liabilities of MUD 3B existing on the effective date of the Agreement would be assigned to and assumed by MUD 3A and that MUD 3B would cease to exist. All lands within MUD 3B were removed from MUD 3B and annexed by MUD 3A. The Agreement was executed to better serve residents within the boundaries of MUD 3A and MUD 3B.

All references to the "District" in this report refer to the combined entity of MUD 3A and MUD 3B. To ensure clarity of certain note disclosures, each district may be referred to as MUD 3A or MUD 3B. See Note 3 for discussion of the accounting and financial reporting impact of the merger.

The District operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors for MUD 3A held its first meeting on August 21, 2015 and the first bonds were issued on February 27, 2018. The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements

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

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At December 31, 2022, an allowance for uncollectible accounts was not considered necessary.

Unbilled Service Revenues

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

Interfund Activity

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $50,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

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

Assets	Useful Life
Infrastructure	20-45 years
Landscaping improvements	20 years
Capacity charges	Remaining life of contract

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources. Additionally, collections of the 2022 property tax levy are not considered current year revenues and, consequently are also reported as deferred property taxes.

Deferred inflows of financial resources at the government-wide level consist of the 2022 property tax levy, which was levied to finance the 2023 fiscal year.

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items.

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balances, governmental funds		$ 5,084,958
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 57,786,101	
Less accumulated depreciation/amortization	(4,827,985)	
Change due to capital assets		52,958,116
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(54,970,000)	
Bond anticipation note payable	(9,200,000)	
Interest payable on debt	(799,104)	
Change due to long-term debt		(64,969,104)
Amounts due to the District's developer are recorded as a liability in the *Statement of Net Position.*		(26,934,354)
The unavailable portion of property taxes receivable and collections of the 2022 property tax levy are reported as deferred inflows in the fund financial statements. In the government wide statements, however, deferred inflows consist of the entire 2022 property tax levy.		
Fund level deferred property taxes	5,417,879	
Government wide level deferred property taxes	(5,407,274)	
		10,605
Total net position - governmental activities		$ (33,849,779)

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

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

Net change in fund balances - governmental funds		$ 1,857,845
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and penalties and interest.		5,386
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset. Public roads are conveyed to Fort Bend and Waller Counties upon completion of construction.		
Capital outlays	$ 22,293,371	
Transfers to other governments	(7,727,308)	
Depreciation/amortization expense	(1,324,087)	
		13,241,976
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long-term debt	(25,380,000)	
Repayment of bond anticipation note	7,320,000	
Principal payments	870,000	
Bond anticipation note proceeds	(9,200,000)	
Interest expense accrual	(474,122)	
		(26,864,122)
Amounts received from the District's developer for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position.*		(34,000)
Change in net position of governmental activities		$ (11,792,915)

Note 3 – Accounting and Financial Reporting Impact of Governmental Merger

The GASB has establish accounting standards for the merger of governmental entities. Accounting and financial reporting requirements vary depending upon the specific characteristics of the merger. A continuing government merger is the combination of two or more governments in which no significant consideration is given and in which one or more government ceases to exist and its operations are absorbed by the continuing government. The merger of MUD 3A and MUD 3B qualifies as continuing government merger.

In a continuing government merger, the merger date is the beginning of the reporting period in which the combination occurs, regardless of the effective date of the merger. Despite the fact that MUD 3A and MUD 3B operated as separate municipal utility districts throughout the year and were not merged until December 16, 2022, they are reported as a combined entity effective January 1, 2022. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund balance/net position for both districts are measured at carrying values as of December 31, 2021 and combined to establish opening balances as of January 1, 2022. The initial opening balances of the District's General Fund *Balance Sheet* as of January 1, 2022, has been determined as follows:

	MUD 3A	MUD 3B	District
Total assets	$ 4,244,291	$ 1,161	$ 4,245,452
Total liabilities	$ 320,578	$ -	$ 320,578
Total deferred inflows	1,695,247		1,695,247
Total fund balance	2,228,466	1,161	2,229,627
Total liabilities, deferred inflows and fund balance	$ 4,244,291	$ 1,161	$ 4,245,452

As illustrated in the preceding table, MUD 3B had minimal impact on the beginning balances of the combined General Fund.

Activity during the year is combined on the financial statements. MUD 3B reported only a General Fund in its fund level statements. The following table reports disaggregated General Fund data for the current fiscal year:

	MUD 3A	MUD 3B	District
Total revenues	$ 5,012,858	$ -	$ 5,012,858
Total expenditures	(3,234,276)	(31,935)	(3,266,211)
Revenues over expenditures	1,778,582	(31,935)	1,746,647
Other changes in fund balance		34,000	34,000
Net change in fund balance	1,778,582	2,065	1,780,647
Beginning fund balance	2,228,466	1,161	2,229,627
Ending fund balance	$ 4,007,048	$ 3,226	$ 4,010,274

Note 3 – Accounting and Financial Reporting Impact of Governmental Merger (continued)

The initial opening balances of the District's *Statement of Net Position* as of January 1, 2022, has been determined as follows

	MUD 3A	MUD 3B	District
Current and other assets	$ 7,128,555	$ 1,161	$ 7,129,716
Capital assets	36,784,852		36,784,852
Total assets	43,913,407	1,161	43,914,568
Current liabilities	8,873,911		8,873,911
Long-term liabilities	53,456,566	102,500	53,559,066
Total liabilities	62,330,477	102,500	62,432,977
Total deferred inflows of resources	3,538,455		3,538,455
Net position			
Net investment in capital assets	(7,407,582)		(7,407,582)
Restricted	297,009		297,009
Unrestricted	(14,844,952)	(101,339)	(14,946,291)
Total net position	$ (21,955,525)	$ (101,339)	$ (22,056,864)

As illustrated in the preceding table, MUD 3B's impact on the combined District is minimal. MUD 3B had no capital assets or bonded debt as of the financial reporting effective date of January 1, 2022 or the actual date of the merger of December 16, 2022.

Note 4 – Deposits and Investments

Deposit Custodial Credit Risk

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

Note 4 – Deposits and Investments (continued)

Investments

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

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

As of December 31, 2022, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	$ 982,820	19%	N/A	N/A
TexSTAR	General	2,998,169			
	Debt Service	1,230,318			
	Capital Projects	46,113			
		4,274,600	81%	AAAm	4 days
Total		$ 5,257,420	100%		

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

TexSTAR

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

Note 4 – Deposits and Investments (continued)

TexSTAR (continued)

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

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

Investment Credit and Interest Rate Risk

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

Note 5 – Interfund Balances and Transactions

Amounts due to/from other funds at December 31, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 1,654,781	Maintenance tax collections not remitted as of year end
Capital Projects Fund	General Fund	701	Reimbursement of bond application fees in excess of amounts paid

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

Note 6 – Capital Assets

A summary of changes in capital assets, for the year ended December 31, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 9,204,947	$ 3,416,857	$ 12,621,804
Capital assets being depreciated/amortized			
Infrastructure	22,006,986	12,811,414	34,818,400
Landscaping improvements	7,572,738	1,269,080	8,841,818
Capacity charges	1,504,079		1,504,079
	31,083,803	14,080,494	45,164,297
Less accumulated depreciation/amortization			
Infrastructure	(2,011,684)	(842,050)	(2,853,734)
Landscaping improvements	(1,386,215)	(442,092)	(1,828,307)
Capacity charges	(105,999)	(39,945)	(145,944)
	(3,503,898)	(1,324,087)	(4,827,985)
Subtotal depreciable capital assets, net	27,579,905	12,756,407	40,336,312
Capital assets, net	$ 36,784,852	$ 16,173,264	$ 52,958,116

Depreciation/amortization expense for the current year was $1,324,087.

Note 7 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of $7,320,000. This BAN was repaid on July 27, 2022, with proceeds from the issuance of the District's Series 2022 Unlimited Tax Bonds. On December 13, 2022, the District issued a $9,200,000 BAN with an interest rate of 5.18%, which is due on December 12, 2023.

The effect of these transactions on the District's short-term obligations are as follows:

Beginning balance	$ 7,320,000
Amounts borrowed	9,200,000
Amounts repaid	(7,320,000)
Ending balance	$ 9,200,000

Note 8 – Due to Developers

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

The District's developer has also advanced funds to the District for operating expenses.

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

Due to developer, beginning of year	$ 23,969,066
Developer reimbursements	(22,293,371)
Developer funded construction and adjustments	25,224,659
Operating advances from developer	34,000
Due to developer, end of year	$ 26,934,354

Note 8 – Due to Developers (continued)

In addition, the District will owe the developers approximately $31,813,217, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage Complete
Jordan Ranch Sections 35 and 37 - utilities and paving	$ 3,706,795	0%
Jordan Ranch Street Dedication No. 11 and Sections 38 and 40 - utilities, irrigation, and paving	8,755,396	87%
Jordan Ranch Sections 36, 39, and 41 - utilities and paving	5,549,126	89%
Jordan Ranch Section 42 - utilities and paving	1,673,222	84%
Wastewater Treatment Plant Phase 1 to serve Fulshear Municipal Utility District No. 3B	1,771,479	73%
Water Plant No. 1 Phase 1 to serve Fulshear Municipal Utility District No. 3B	4,907,582	64%
Jordan Ranch Section 19 - Landscaping	1,017,508	90%
Jordan Ranch Phase 4 Model Home Park and Section 25 Landscape Package 1	1,003,026	84%
Jordan Ranch Phase 4 Model Home Park and Section 25 Landscape Package 2	1,343,517	24%
Jordan Ranch Phase 4 Model Home Park and Sections 26 through 31 - Landscaping	1,117,000	0%
Jordan Ranch Section 34 - Landscaping	968,566	0%
	$ 31,813,217	

Note 9 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 54,970,000
Due within one year	$ 915,000

Note 9 – Long-Term Debt (continued)

The District's bonds payable at December 31, 2022, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2018	$ 4,350,000	$ 4,860,000	2.00% - 4.00%	September 1, 2019 - 2042	March 1, September 1	September 1, 2023
2018 Road	1,430,000	1,600,000	2.00% - 4.00%	September 1, 2019 - 2042	March 1, September 1	September 1, 2023
2019	5,260,000	5,670,000	3.00% - 5.00%	September 1, 2020 - 2044	March 1, September 1	September 1, 2024
2019 Road	2,620,000	2,830,000	2.00% - 4.50%	September 1, 2020 - 2044	March 1, September 1	September 1, 2024
2020	4,895,000	5,180,000	2.00% - 4.00%	September 1, 2021 - 2045	March 1, September 1	September 1, 2025
2020 Road	2,430,000	2,575,000	2.00% - 4.00%	September 1, 2021 - 2045	March 1, September 1	September 1, 2025
2021	7,155,000	7,355,000	2.00% - 4.00%	September 1, 2022 - 2046	March 1, September 1	September 1, 2026
2021 Road	1,450,000	1,490,000	2.00% - 4.50%	September 1, 2022 - 2046	March 1, September 1	September 1, 2026
2022	11,730,000	11,730,000	3.625% - 6.125%	September 1, 2024 - 2047	March 1, September 1	July 1, 2027
2022 Road	13,650,000	13,650,000	3.625% - 6.125%	September 1, 2024 - 2047	March 1, September 1	July 1, 2027
	$ 54,970,000					

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

At December 31, 2022, the District had authorized but unissued bonds in the amount of $129,505,000 for water, sewer and drainage facilities and $246,450,000 for the refunding of such bonds; $65,755,000 for road improvements and $131,850,000 for the refunding of such bonds; and $38,000,000 for park and recreational facilities.

On July 27, 2022 the District issued its $11,730,000 Series 2022 Unlimited Tax Bonds at a net effective interest rate of 4.501604%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to repay a $7,320,000 BAN issued in the previous fiscal year.

Note 9 – Long-Term Debt (continued)

On July 27, 2022 the District issued its $13,650,000 Series 2022 Unlimited Tax Road Bonds at a net effective interest rate of 4.503690%. Proceeds of the bonds were used to reimburse developers for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds and to pay capitalized interest into the Debt Service Fund.

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

Bonds payable, beginning of year	$ 30,460,000
Bonds issued	25,380,000
Bonds retired	(870,000)
Bonds payable, end of year	$ 54,970,000

As of December 31, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	$ 915,000	$ 2,089,517	$ 3,004,517
2024	1,555,000	1,942,470	3,497,470
2025	1,615,000	1,872,209	3,487,209
2026	1,685,000	1,802,976	3,487,976
2027	1,745,000	1,736,488	3,481,488
2028	1,805,000	1,668,595	3,473,595
2029	1,875,000	1,606,025	3,481,025
2030	1,940,000	1,540,590	3,480,590
2031	2,020,000	1,471,150	3,491,150
2032	2,095,000	1,398,382	3,493,382
2033	2,185,000	1,322,632	3,507,632
2034	2,265,000	1,244,419	3,509,419
2035	2,340,000	1,162,813	3,502,813
2036	2,430,000	1,077,981	3,507,981
2037	2,540,000	989,033	3,529,033
2038	2,620,000	895,526	3,515,526
2039	2,725,000	798,008	3,523,008
2040	2,835,000	695,577	3,530,577
2041	2,945,000	597,930	3,542,930
2042	3,065,000	495,892	3,560,892
2043	2,750,000	389,142	3,139,142
2044	2,850,000	294,943	3,144,943
2045	2,425,000	205,868	2,630,868
2046	2,070,000	129,294	2,199,294
2047	1,675,000	60,719	1,735,719
	$ 54,970,000	$ 27,488,179	$ 82,458,179

Note 10 – Property Taxes

On November 12, 2015, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value, for use in financing road improvements to $1.50 per $100 of assessed value, and for financing parks and recreational improvements to $0.10 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of $1.40 per $100 of assessed value, of which $0.67 was allocated to maintenance and operations, $0.53 was allocated to water, sewer, drainage debt service, and $0.20 was allocated to road debt service. The resulting tax levy was $3,534,505 on the adjusted taxable value of $252,464,634. It should be noted that these values and rates are for MUD 3A only. MUD 3B has not levied a property tax.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District's use during the current fiscal year. Consequently, 2022 levy collections in the amount of $4,224,540 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet.* On the government-wide *Statement of Net Position*, the full 2022 tax levy of $5,407,274 is reported as deferred inflows. These amounts will be recognized as revenue in 2023.

Property taxes receivable, at December 31, 2022, consisted of the following:

Current year taxes receivable	$ 1,182,734
Prior years taxes receivable	8,623
	1,191,357
Penalty and interest receivable	1,982
Property taxes receivable	$ 1,193,339

Note 11 – Transfers to Other Governments

Fort Bend and Waller Counties assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort bend and Waller Counties, not the District. The estimated cost of each road project is recorded as a transfer to other governments upon completion of construction. This cost is trued-ep when the developer is subsequently reimbursed. For the year ended December 31, 2022, the District recorded transfers to other governments in the amount of $7,727,308 for road facilities constructed by a developer within the District.

Note 12 – North Fort Bend Water Authority

The District is within the boundaries of the North Fort Bend Water Authority (the "Authority"), which was created by the Texas Legislature. The Authority is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Coastal Subsidence District, which regulates groundwater withdrawal.

As of December 31, 2022 the Authority's rates are $4.55 per 1,000 gallons of water imported from WCF MUD's wells and supplied to the District. This rate is subject to future increases. The District passes these costs on to its customers plus 10%. During the current year, the District recognized $1,041,749 in revenues and $968,017 in expenditures related to regional water authority import fees.

Note 13 – Utility Agreement with the City of Fulshear

The District and the City of Fulshear (the "City") entered into a Utility Agreement effective March 2, 2015. Pursuant to the Agreement, the District will provide water supply and distribution, wastewater collection and treatment and drainage services to serve residents within the District. The wastewater collection services will be provided on a temporary basis. The City will construct a wastewater conveyance trunkline that will extend to the periphery of the District. Once construction of the trunkline is complete, the District will be connected to the City's regionalized wastewater system.

The District will pay the City a capital recovery fee per equivalent single-family connection ("ESFC") within its boundaries and will be entitled to a credit against such fees in an amount equal to amounts expended to construct permanent sewage treatment facilities to serve development within the District. The term of the agreement is 45 years.

Note 14 – Agreements with Willow Creek Farms Municipal Utility District

Water Supply

Water supply to the District is provided pursuant to an agreement with Willow Creek Farms Municipal Utility District ("WCF MUD") for joint water plant operations, which was originally executed June 11, 2015, by MUD 3B and has been subsequently amended to include MUD 3A. The agreement establishes the terms and conditions under which the participants will share the costs associated with the construction, expansion and operation of the joint facilities and is effective for a term of 40 years. Pursuant to the agreement, the District owns 49% of the capacity in the joint water plant.

The District has paid capacity charges to WCF MUD for its share of the cost of construction of the joint water plant. The District is billed monthly for maintenance and operating costs based on the District's pro-rata share of gallons used by the District to the total gallons produced by the joint water plant for the month. During the current fiscal year, the District recorded expenditures in the amount of $166,346 for joint water plant operations.

Wastewater Treatment

Wastewater treatment for the District is provided pursuant to an agreement with WCF MUD for joint wastewater treatment services, which was originally executed by MUD 3B on June 11, 2015 and has been subsequently amended to include MUD 3A. The agreement establishes the terms under which the participants will share the costs associated with the construction, expansion and operation of the joint facilities. The term of the agreement is 5 years from the effective date with the option to renew for successive one-year terms. Pursuant to the agreement, the District owns 37% of the capacity in the plant.

The District has paid capacity charges to WCF MUD for its share of the cost of construction of the joint wastewater treatment plant. The District is billed monthly for maintenance and operating costs based on the District's proportionate share of ownership capacity in the plant. During the current year, the District recorded expenditures in the amount of $400,162 for joint wastewater treatment plant operations.

Note 15 – Risk Management

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

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Required Supplementary Information

Fulshear Municipal Utility District No. 3A
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended December 31, 2022

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 287,500	$ 372,306	$ 84,806
Sewer service	287,500	739,808	452,308
Property taxes	1,563,000	1,790,315	227,315
Penalties and interest	17,500	47,029	29,529
Regional Water Authority fees	550,000	1,041,749	491,749
Tap connection and inspection	400,000	965,952	565,952
Miscellaneous		7,852	7,852
Investment earnings	500	47,847	47,347
Total Revenues	3,106,000	5,012,858	1,906,858
Expenditures			
Current service operations			
Purchased services	483,200	566,507	(83,307)
Professional fees	209,500	277,365	(67,865)
Contracted services	613,300	848,343	(235,043)
Repairs and maintenance	203,000	306,977	(103,977)
Utilities	5,000	6,607	(1,607)
Regional Water Authority costs	500,000	968,017	(468,017)
Administrative	65,250	70,440	(5,190)
Other	7,250	9,757	(2,507)
Capital outlay		212,198	(212,198)
Total Expenditures	2,086,500	3,266,211	(1,179,711)
Revenues Over Expenditures	1,019,500	1,746,647	727,147
Other Financing Sources			
Developer advances	24,000	34,000	10,000
Net Change in Fund Balance	1,043,500	1,780,647	737,147
Fund Balance			
Beginning of the year	2,229,627	2,229,627	
End of the year	$ 3,273,127	$ 4,010,274	$ 737,147

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The Budgetary Comparison Schedule includes both MUD 3A and MUD 3B. There were no amendments to the budgets for MUD 3A or MUD 3B during the year

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Texas Supplementary Information

Fulshear Municipal Utility District No. 3A
TSI-1. Services and Rates
December 31, 2022

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

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

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

[ ] Other (Specify): __________

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	Usage Levels		
Water:	$ 18.00	N/A	N	$ 1.20	10,001	to	15,000
				$ 1.50	15,001		20,000
				$ 1.75	20,001	to	25,000
				$ 2.00	25,001	to	no limit
Wastewater:	$ 32.50	N/A	Y			to	
Surcharge:	$ -	0	N	$ 5.01	0	to	no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 68.10 Wastewater $ 32.50

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	947	945	x 1.0	945
1"	541	537	x 2.5	1,343
1.5"	5	5	x 5.0	25
2"	43	43	x 8.0	344
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water	1,537	1,531		2,737
Total Wastewater	1,478	1,472	x 1.0	1,472

See accompanying auditors' report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons purchased from Willow Creek Farms MUD:	220,767,000	Water Accountability Ratio: (Gallons billed / Gallons purchased)
Gallons billed to customers:	214,493,000	97.16%

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☐ No ☒

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

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

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

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which the District is located: City of Fulshear

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

If Yes, by whom? ______

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-2. General Fund Expenditures
For the Year Ended December 31, 2022

Purchased services	$ 566,507
Professional fees	
Legal	116,016
Audit	12,500
Engineering	148,849
	277,365
Contracted services	
Bookkeeping	23,132
Operator	39,285
Garbage collection	240,423
Tap connection and inspection	439,223
Security	106,280
	848,343
Repairs and maintenance	306,977
Utilities	6,607
Regional Water Authority costs	968,017
Administrative	
Directors fees	9,450
Printing and office supplies	50,811
Insurance	7,282
Other	2,897
	70,440
Other	9,757
Capital outlay	212,198
Total expenditures	$ 3,266,211

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-3. Investments
December 31, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexSTAR	Variable	N/A	$ 2,998,169	$ -
Certificate of deposit	0.40%	03/25/23	245,858	757
Certificate of deposit	0.29%	03/25/23	245,613	548
Certificate of deposit	0.25%	03/24/23	245,613	475
Certificate of deposit	0.10%	03/25/23	245,736	189
			3,980,989	1,969
Debt Service				
TexSTAR	Variable	N/A	602,479	
TexSTAR	Variable	N/A	627,839	
			1,230,318	
Capital Projects				
TexSTAR	Variable	N/A	43,908	
	Variable	N/A	2,205	
			46,113	
Total - All Funds			$ 5,257,420	$ 1,969

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-4. Taxes Levied and Receivable
December 31, 2022

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 371,279	$ 293,997	$ 110,923	$ 776,199
Adjustments to Prior Year Tax Levy	99,176	37,195	13,899	150,270
Adjusted Receivable	470,455	331,192	124,822	926,469
2022 Original Tax Levy	2,004,731	1,924,542	1,283,028	5,212,301
Adjustments	74,990	71,990	47,993	194,973
Adjusted Tax Levy	2,079,721	1,996,532	1,331,021	5,407,274
Total to be accounted for	2,550,176	2,327,724	1,455,843	6,333,743
Tax collections:				
Current year	1,624,823	1,559,830	1,039,887	4,224,540
Prior years	466,347	327,909	123,590	917,846
Total Collections	2,091,170	1,887,739	1,163,477	5,142,386
Taxes Receivable, End of Year	$ 459,006	$ 439,985	$ 292,366	$ 1,191,357
Taxes Receivable, By Years				
2022	$ 454,898	$ 436,702	$ 291,134	$ 1,182,734
2021	4,108	3,283	1,232	8,623
Taxes Receivable, End of Year	$ 459,006	$ 439,985	$ 292,366	$ 1,191,357

	2022	2021	2020	2019
Property Valuations:				
Land	$ 106,998,600	$ 79,695,000	$ 59,270,750	$ 45,369,940
Improvements	367,616,804	186,879,773	121,470,282	74,342,740
Personal Property	861,962	1,128,166	819,988	421,260
Exemptions	(59,533,205)	(15,238,305)	(11,658,207)	(9,897,864)
Total Property Valuations	$ 415,944,161	$ 252,464,634	$ 169,902,813	$ 110,236,076
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.50	$ 0.67	$ 0.63	$ 0.76
WSD debt service tax rates	0.48	0.53	0.60	0.52
Road debt service tax rates	0.32	0.20	0.22	0.22
Total Tax Rates per $100 Valuation	$ 1.30	$ 1.40	$ 1.45	$ 1.50
Adjusted Tax Levy:	$ 5,407,274	$ 3,534,505	$ 2,463,591	$ 1,653,541
Percentage of Taxes Collected to Taxes Levied ****	78.13%	99.76%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 12, 2015
** Maximum Road Tax Rate Approved by Voters: $1.50 on November 12, 2015
*** Maximum Park Tax Rate Approved by Voters: $0.10 on November 12, 2015

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

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 140,000	$ 156,779	$ 296,779
2024	150,000	153,139	303,139
2025	155,000	149,014	304,014
2026	160,000	144,519	304,519
2027	170,000	139,719	309,719
2028	175,000	134,449	309,449
2029	185,000	128,849	313,849
2030	190,000	122,744	312,744
2031	200,000	115,144	315,144
2032	205,000	107,144	312,144
2033	215,000	98,944	313,944
2034	225,000	91,419	316,419
2035	235,000	83,263	318,263
2036	245,000	74,744	319,744
2037	255,000	65,556	320,556
2038	265,000	55,994	320,994
2039	275,000	45,725	320,725
2040	290,000	35,069	325,069
2041	300,000	23,831	323,831
2042	315,000	12,206	327,206
	$ 4,350,000	$ 1,938,251	$ 6,288,251

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 45,000	$ 51,308	$ 96,308
2024	50,000	50,070	100,070
2025	50,000	48,620	98,620
2026	55,000	47,120	102,120
2027	55,000	45,470	100,470
2028	60,000	43,765	103,765
2029	60,000	41,845	101,845
2030	60,000	39,865	99,865
2031	65,000	37,825	102,825
2032	70,000	35,550	105,550
2033	70,000	33,100	103,100
2034	75,000	30,580	105,580
2035	75,000	27,880	102,880
2036	80,000	25,105	105,105
2037	85,000	22,145	107,145
2038	85,000	19,000	104,000
2039	90,000	15,600	105,600
2040	95,000	12,000	107,000
2041	100,000	8,200	108,200
2042	105,000	4,200	109,200
	$ 1,430,000	$ 639,248	$ 2,069,248

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 160,000	$ 162,650	$ 322,650
2024	165,000	154,650	319,650
2025	170,000	148,050	318,050
2026	175,000	142,950	317,950
2027	185,000	137,700	322,700
2028	190,000	132,150	322,150
2029	195,000	126,450	321,450
2030	205,000	120,600	325,600
2031	210,000	114,450	324,450
2032	220,000	108,150	328,150
2033	230,000	101,550	331,550
2034	235,000	94,650	329,650
2035	245,000	87,600	332,600
2036	255,000	80,250	335,250
2037	265,000	72,600	337,600
2038	275,000	64,650	339,650
2039	285,000	56,400	341,400
2040	295,000	47,850	342,850
2041	305,000	39,000	344,000
2042	320,000	29,850	349,850
2043	330,000	20,250	350,250
2044	345,000	10,350	355,350
	$ 5,260,000	$ 2,052,800	$ 7,312,800

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2019 Road--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 80,000	$ 75,162	$ 155,162
2024	80,000	71,562	151,562
2025	85,000	67,962	152,962
2026	90,000	64,350	154,350
2027	90,000	62,550	152,550
2028	95,000	60,750	155,750
2029	100,000	58,850	158,850
2030	100,000	56,850	156,850
2031	105,000	54,600	159,600
2032	110,000	52,106	162,106
2033	115,000	49,356	164,356
2034	120,000	46,338	166,338
2035	125,000	43,188	168,188
2036	125,000	39,750	164,750
2037	130,000	36,000	166,000
2038	135,000	32,100	167,100
2039	140,000	28,050	168,050
2040	145,000	23,850	168,850
2041	155,000	19,500	174,500
2042	160,000	14,850	174,850
2043	165,000	10,050	175,050
2044	170,000	5,100	175,100
	$ 2,620,000	$ 972,874	$ 3,592,874

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 150,000	$ 108,219	$ 258,219
2024	155,000	102,219	257,219
2025	160,000	99,119	259,119
2026	165,000	95,919	260,919
2027	170,000	92,618	262,618
2028	175,000	89,218	264,218
2029	180,000	85,718	265,718
2030	185,000	82,118	267,118
2031	190,000	78,418	268,418
2032	195,000	74,619	269,619
2033	205,000	70,719	275,719
2034	210,000	66,619	276,619
2035	215,000	62,419	277,419
2036	220,000	58,119	278,119
2037	230,000	53,719	283,719
2038	235,000	48,831	283,831
2039	240,000	43,838	283,838
2040	250,000	38,438	288,438
2041	255,000	32,813	287,813
2042	265,000	27,075	292,075
2043	275,000	20,781	295,781
2044	280,000	14,250	294,250
2045	290,000	7,250	297,250
	$ 4,895,000	$ 1,453,056	$ 6,348,056

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2020 Road--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 75,000	$ 56,031	$ 131,031
2024	75,000	53,031	128,031
2025	80,000	50,032	130,032
2026	80,000	46,832	126,832
2027	85,000	45,231	130,231
2028	85,000	43,531	128,531
2029	90,000	41,831	131,831
2030	90,000	40,031	130,031
2031	95,000	38,231	133,231
2032	100,000	36,331	136,331
2033	100,000	34,331	134,331
2034	105,000	32,331	137,331
2035	105,000	30,231	135,231
2036	110,000	28,131	138,131
2037	115,000	25,931	140,931
2038	115,000	23,631	138,631
2039	120,000	21,188	141,188
2040	125,000	18,638	143,638
2041	130,000	15,825	145,825
2042	130,000	12,900	142,900
2043	135,000	9,975	144,975
2044	140,000	6,769	146,769
2045	145,000	3,444	148,444
	$ 2,430,000	$ 714,437	$ 3,144,437

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 220,000	$ 160,643	$ 380,643
2024	225,000	151,843	376,843
2025	230,000	142,843	372,843
2026	240,000	135,944	375,944
2027	245,000	131,144	376,144
2028	250,000	126,244	376,244
2029	255,000	121,244	376,244
2030	265,000	116,144	381,144
2031	270,000	110,844	380,844
2032	275,000	105,444	380,444
2033	285,000	99,944	384,944
2034	290,000	94,244	384,244
2035	295,000	88,444	383,444
2036	305,000	82,544	387,544
2037	315,000	76,444	391,444
2038	320,000	70,144	390,144
2039	330,000	63,744	393,744
2040	335,000	56,731	391,731
2041	345,000	49,612	394,612
2042	355,000	41,850	396,850
2043	365,000	33,862	398,862
2044	370,000	25,650	395,650
2045	380,000	17,325	397,325
2046	390,000	8,775	398,775
	$ 7,155,000	$ 2,111,650	$ 9,266,650

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2021 Road--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 45,000	$ 35,400	$ 80,400
2024	45,000	33,375	78,375
2025	45,000	31,350	76,350
2026	50,000	29,325	79,325
2027	50,000	27,075	77,075
2028	50,000	26,075	76,075
2029	50,000	25,075	75,075
2030	55,000	24,075	79,075
2031	55,000	22,975	77,975
2032	55,000	21,875	76,875
2033	60,000	20,775	80,775
2034	60,000	19,575	79,575
2035	60,000	18,375	78,375
2036	60,000	17,175	77,175
2037	65,000	15,975	80,975
2038	65,000	14,513	79,513
2039	65,000	13,050	78,050
2040	70,000	11,588	81,588
2041	70,000	10,012	80,012
2042	70,000	8,437	78,437
2043	75,000	6,863	81,863
2044	75,000	5,175	80,175
2045	75,000	3,487	78,487
2046	80,000	1,800	81,800
	$ 1,450,000	$ 443,400	$ 1,893,400

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ -	$ 593,025	$ 593,025
2024	280,000	541,850	821,850
2025	295,000	524,700	819,700
2026	310,000	506,630	816,630
2027	320,000	487,644	807,644
2028	335,000	468,044	803,044
2029	350,000	451,294	801,294
2030	365,000	433,794	798,794
2031	385,000	415,544	800,544
2032	400,000	396,294	796,294
2033	420,000	376,294	796,294
2034	435,000	355,294	790,294
2035	455,000	333,544	788,544
2036	475,000	310,794	785,794
2037	500,000	287,044	787,044
2038	520,000	262,044	782,044
2039	545,000	236,044	781,044
2040	570,000	208,794	778,794
2041	595,000	184,568	779,568
2042	620,000	159,281	779,281
2043	650,000	132,930	782,930
2044	680,000	105,306	785,306
2045	710,000	80,656	790,656
2046	740,000	54,919	794,919
2047	775,000	28,094	803,094
	$ 11,730,000	$ 7,934,425	$ 19,664,425

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ -	$ 690,300	$ 690,300
2024	330,000	630,731	960,731
2025	345,000	610,519	955,519
2026	360,000	589,387	949,387
2027	375,000	567,337	942,337
2028	390,000	544,369	934,369
2029	410,000	524,869	934,869
2030	425,000	504,369	929,369
2031	445,000	483,119	928,119
2032	465,000	460,869	925,869
2033	485,000	437,619	922,619
2034	510,000	413,369	923,369
2035	530,000	387,869	917,869
2036	555,000	361,369	916,369
2037	580,000	333,619	913,619
2038	605,000	304,619	909,619
2039	635,000	274,369	909,369
2040	660,000	242,619	902,619
2041	690,000	214,569	904,569
2042	725,000	185,243	910,243
2043	755,000	154,431	909,431
2044	790,000	122,343	912,343
2045	825,000	93,706	918,706
2046	860,000	63,800	923,800
2047	900,000	32,625	932,625
	$ 13,650,000	$ 9,228,038	$ 22,878,038

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	$ 915,000	$ 2,089,517	$ 3,004,517
2024	1,555,000	1,942,470	3,497,470
2025	1,615,000	1,872,209	3,487,209
2026	1,685,000	1,802,976	3,487,976
2027	1,745,000	1,736,488	3,481,488
2028	1,805,000	1,668,595	3,473,595
2029	1,875,000	1,606,025	3,481,025
2030	1,940,000	1,540,590	3,480,590
2031	2,020,000	1,471,150	3,491,150
2032	2,095,000	1,398,382	3,493,382
2033	2,185,000	1,322,632	3,507,632
2034	2,265,000	1,244,419	3,509,419
2035	2,340,000	1,162,813	3,502,813
2036	2,430,000	1,077,981	3,507,981
2037	2,540,000	989,033	3,529,033
2038	2,620,000	895,526	3,515,526
2039	2,725,000	798,008	3,523,008
2040	2,835,000	695,577	3,530,577
2041	2,945,000	597,930	3,542,930
2042	3,065,000	495,892	3,560,892
2043	2,750,000	389,142	3,139,142
2044	2,850,000	294,943	3,144,943
2045	2,425,000	205,868	2,630,868
2046	2,070,000	129,294	2,199,294
2047	1,675,000	60,719	1,735,719
	$ 54,970,000	$ 27,488,179	$ 82,458,179

See accompanying auditors' report.

	Bond Issue			
	Series 2018	Series 2018 Road	Series 2019	Series 2019 Road
Interest rate	2.00% - 4.00%	2.00% - 4.00%	3.00% - 5.00%	2.00% - 4.50%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/19 - 9/1/42	9/1/19 - 9/1/42	9/1/20 - 9/1/44	9/1/20 - 9/1/44
Beginning bonds outstanding	$ 4,485,000	$ 1,475,000	$ 5,415,000	$ 2,695,000
Bonds issued				
Bonds retired	(135,000)	(45,000)	(155,000)	(75,000)
Ending bonds outstanding	$ 4,350,000	$ 1,430,000	$ 5,260,000	$ 2,620,000
Interest paid during fiscal year	$ 160,154	$ 52,478	$ 170,400	$ 78,538
Paying agent's name and city All Series	Regions Bank, Houston, TX			

Bond Authority:	Water, Sewer and Drainage Bonds	Water, Sewer and Drainage Refunding Bonds	Road Bonds	Road Refunding Bonds
Amount Authorized by Voters	$ 164,300,000	$ 246,450,000	$ 87,900,000	$ 131,850,000
Amount Issued	(34,795,000)		(22,145,000)	
Remaining To Be Issued	$ 129,505,000	$ 246,450,000	$ 65,755,000	$ 131,850,000

Bond Authority:	Parks and Recreational Facilities
Amount Authorized by Voters	$ 38,000,000
Amount Issued	
Remaining To Be Issued	$ 38,000,000

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

Debt Service Fund cash and investment balances as of December 31, 2022:	$ 5,337,082
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,298,327

See accompanying auditors' report.

Bond Issue				
Series 2020	Series 2020 Road	Series 2021	Series 2021 Road	Series 2022
2.00% - 4.00%	2.00% - 4.00%	2.00% - 4.00%	2.00% - 4.50%	3.625% - 6.125%
3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
9/1/21 - 9/1/45	9/1/21 - 9/1/45	9/1/22 - 9/1/46	9/1/22 - 9/1/46	9/1/24 - 9/1/47
$ 5,040,000	$ 2,505,000	$ 7,355,000	$ 1,490,000	$ -
				11,730,000
(145,000)	(75,000)	(200,000)	(40,000)	
$ 4,895,000	$ 2,430,000	$ 7,155,000	$ 1,450,000	$ 11,730,000
$ 114,019	$ 59,031	$ 192,084	$ 43,400	$ -

	Series 2022 Road	Totals
Interest rate	3.625% - 6.125%	
Dates interest payable	3/1; 9/1	
Maturity dates	9/1/24 - 9/1/47	
Beginning bonds outstanding	$ -	$ 30,460,000
Bonds issued	13,650,000	25,380,000
Bonds retired		(870,000)
Ending bonds outstanding	$ 13,650,000	$ 54,970,000
Interest paid during fiscal year	$ -	$ 870,104

See accompanying auditors' report.

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Fulshear Municipal Utility District No. 3A
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Water service	$ 372,306	$ 232,112	$ 206,730	$ 108,675	$ 77,256
Sewer service	739,808	496,355	362,395	195,839	129,810
Property taxes	1,790,315	1,178,247	805,757	544,116	427,616
Penalties and interest	47,029	13,946	2,848	17,409	14,273
Regional Water Authority fees	1,041,749	676,539	515,497	314,871	184,761
Tap connection and inspection	965,952	559,818	558,220	331,865	338,310
Miscellaneous	7,852	6,179	1,244	2,345	6,723
Investment earnings	47,847	2,637	3,790	10,630	591
Total Revenues	5,012,858	3,165,833	2,456,481	1,525,750	1,179,340
Expenditures					
Current service operations					
Purchased services	566,507	618,121	438,483	392,248	284,251
Professional fees	277,365	182,822	185,358	162,773	146,603
Contracted services	848,343	583,276	420,626	255,199	230,985
Repairs and maintenance	306,977	204,152	88,409	82,169	92,090
Utilities	6,607	4,770	2,907	2,836	2,093
Regional Water Authority costs	968,017	624,944	454,649	293,026	155,131
Administrative	70,440	60,595	39,999	32,895	33,757
Other	9,757	19,363	1,222	4,483	9,845
Capital outlay	212,198				
Total Expenditures	3,266,211	2,298,043	1,631,653	1,225,629	954,755
Revenues Over/(Under) Expenditures	$ 1,746,647	$ 867,790	$ 824,828	$ 300,121	$ 224,585
Total Active Retail Water Connections	1,531	1,119	865	551	379
Total Active Retail Wastewater Connections	1,472	1,067	823	523	357

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
7%	7%	8%	7%	7%
15%	16%	15%	13%	11%
36%	38%	33%	35%	36%
1%	*	*	1%	1%
21%	21%	21%	21%	15%
19%	18%	23%	22%	29%
*	*	*	*	1%
1%	*	*	1%	*
100%	100%	100%	100%	100%
11%	20%	18%	26%	24%
6%	6%	8%	11%	12%
17%	18%	17%	17%	20%
6%	6%	4%	5%	8%
*	*	*	*	*
19%	20%	19%	19%	13%
1%	2%	2%	2%	3%
*	1%	*	*	1%
4%				
64%	73%	68%	80%	81%
36%	27%	32%	20%	19%

Fulshear Municipal Utility District No. 3A
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	$ 1,906,498	$ 1,357,436	$ 784,683	$ 389,294	$ -
Penalties and interest	14,451	26,056	10,283	8,448	
Miscellaneous		96		20	
Investment earnings	21,642	261	1,955	5,488	624
Total Revenues	1,942,591	1,383,849	796,921	403,250	624
Expenditures					
Tax collection services	85,368	42,015	24,446	29,952	
Other	10	116	430	339	307
Debt service					
Principal	870,000	605,000	335,000	160,000	
Interest and fees	876,553	665,201	511,040	225,336	114,348
Total Expenditures	1,831,931	1,312,332	870,916	415,627	114,655
Revenues Over/(Under) Expenditures	$ 110,660	$ 71,517	$ (73,995)	$ (12,377)	$ (114,031)

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
98%	98%	98%	97%	
1%	2%	2%	2%	
	*		*	
1%	*	*	1%	100%
100%	100%	100%	100%	100%
4%	3%	3%	7%	
*	*	*	*	49%
45%	44%	42%	40%	
45%	48%	64%	56%	18325%
94%	95%	109%	103%	18374%
6%	5%	(9)%	(3)%	(18274)%

Fulshear Municipal Utility District No. 3A
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2022

Complete District Mailing Address:	9 Greenway Plaza, Suite 1000, Houston, Texas 77046-3653	
District Business Telephone Number:	(713) 651-0111	
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	February 25, 2020	
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)		$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimbursements	Title at Year End
Board Members				
MUD 3A				
Glen Nordt	05/22 - 05/26	$ 1,200	$ 509	President
Stacy Thibodeaux	05/20 - 05/24	1,500	108	Vice President
Caleb Davis	05/22 - 05/26	1,200	438	Secretary
Nicole K. Gard	05/20 - 05/24	1,650	366	Assistant Secretary
Alejandro Sanchez	01/22 - 01/23	1,200		Assistant Secretary
MUD 3B				
Wendy Austin		-		President
Tiffany Ehmke		450		Vice President
Michelle Carroll		900		Secretary
Brittany Brown		900		Assistant Secretary
Herbert Oliver		600		Assistant Secretary
Consultants				
Coats Rose, P.C.	2015			Attorney
General legal fees (MUD 3A)		$ 104,304		
Bond counsel		662,253		
General legal fees (MUD 3B)		14,639		
Si Environmental, LLC	2015	665,092		Operator
Myrtle Cruz, Inc.	2015			Bookkeeper
MUD 3A		35,597		
MUD 3B		5,986		
Utility Tax Service, LLC	2015	42,398		Tax Collector
Fort Bend Central Appraisal District	Legislation	22,586		Property Valuation
Waller County Appraisal District	Legislation	1,403		Property Valuation
Coats Rose, P.C.	2015	4,561		Delinquent Tax Attorney

See accompanying auditors' report.

Fulshear Municipal Utility District No. 3A
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2022

Names	Date Hired	Amounts Paid	Title at Year End
IDS Engineering Group, Inc.	2015		Engineer
MUD 3A		149,914	
MUD 3B		4,393	
McGrath & Co., PLLC	2017	48,725	Auditor
Robert W. Baird & Co.	2015	602,325	Financial Advisor

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

See accompanying auditors' report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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