OFFICIAL STATEMENT DATED SEPTEMBER 14, 2023

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 132, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION, SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE-Book-Entry Only

Insured Ratings (AGM): S&P "AA" (stable outlook)
Moody's "A1" (stable outlook)
Underlying Rating: Moody's "Baa3"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

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

**$6,715,000
UNLIMITED TAX BONDS
SERIES 2023**

**$1,615,000
UNLIMITED TAX PARK BONDS
SERIES 2023A**

Dated Date: October 1, 2023
Interest Accrual Date: Date of Delivery

Due: September 1, as shown on the inside cover

The $6,715,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and the $1,615,000 Unlimited Tax Park Bonds (the "Series 2023A Park Bonds") (collectively referred to herein as the "Bonds") are being issued by Fort Bend County Municipal Utility District No. 132 (the "District"). Principal of the Bonds will be payable at maturity or earlier redemption at the principal payment office of the Paying Agent/Registrar, initially The Bank of New York Mellon Trust Co., N.A., Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will accrue from the date of initial delivery (expected October 18, 2023) (the "Date of Delivery") and will be payable on March 1 and September 1 of each year commencing March 1, 2024 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in fully registered form only in denominations of $5,000 each or integral multiples thereof. The Bonds will be subject to redemption prior to their maturity, as shown on the inside cover.

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

ASSURED GUARANTY MUNICIPAL

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under separate municipal bond insurance policies (each a "Bond Insurance Policy" and collectively, the "Bond Insurance Policies") to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. ("AGM" or the "Insurer"). See "MUNICIPAL BOND INSURANCE" herein.

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

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

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about October 18, 2023.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$6,715,000
The Series 2023 Bonds

Due (Sept. 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)	Due (Sept. 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)
2030	$ 190,000	(b)	5.500%	3.900%	34684W GS4	2041	$ 300,000	(b)	4.375%	4.600%	34684W HD6
***	***		***	***	***	2042	310,000	(b)	4.500	4.650	34684W HE4
2034	225,000	(b)	4.250	4.100	34684W GW5	2043	325,000	(b)	4.500	4.680	34684W HF1
2035	235,000	(b)	4.250	4.200	34684W GX3	2044	340,000	(b)	4.500	4.700	34684W HG9
2036	245,000	(b)	4.250	4.300	34684W GY1	2045	355,000	(b)	4.500	4.720	34684W HH7
2037	255,000	(b)	4.250	4.400	34684W GZ8	2046	370,000	(b)	4.500	4.730	34684W HJ3
2038	265,000	(b)	4.250	4.450	34684W HA2	2047	385,000	(b)	4.500	4.740	34684W HK0
2039	275,000	(b)	4.250	4.500	34684W HB0	2048	750,000	(b)	4.500	4.750	34684W HL8
2040	285,000	(b)	4.375	4.550	34684W HC8						

$985,000 Term Bonds due September 1, 2029, 34684W GR6 (c), 6.750% Interest Rate, 4.984% Yield (a)
$620,000 Term Bonds due September 1, 2033 (b), 34684W GV7 (c), 4.250% Interest Rate, 4.000% Yield (a)

$1,615,000
The Series 2023A Park Bonds

Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)	Due (Sept. 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (c)
2024	$ 80,000	6.000%	3.850%	34684W HM6	2027	80,000	5.000%	3.750%	34684W HQ7
2025	80,000	6.000	3.800	34684W HN4	2028	80,000	5.000	3.750	34684W HR5
2026	80,000	5.250	3.750	34684W HP9	2029	80,000	5.000	3.750	34684W HS3

$160,000 Term Bonds due September 1, 2031 (b), 34684W HU8 (c), 4.000% Interest Rate, 3.900% Yield (a)
$160,000 Term Bonds due September 1, 2033 (b), 34684W HW4 (c), 4.000% Interest Rate, 4.000% Yield (a)
$160,000 Term Bonds due September 1, 2035 (b), 34684W HY0 (c), 4.000% Interest Rate, 4.200% Yield (a)
$160,000 Term Bonds due September 1, 2037 (b), 34684W JA0 (c), 4.125% Interest Rate, 4.400% Yield (a)
$160,000 Term Bonds due September 1, 2039 (b), 34684W JC6 (c), 4.250% Interest Rate, 4.500% Yield (a)
$165,000 Term Bonds due September 1, 2041 (b), 34684W JE2 (c), 4.375% Interest Rate, 4.600% Yield (a)
$170,000 Term Bonds due September 1, 2043 (b), 34684W JG7 (c), 4.500% Interest Rate, 4.680% Yield (a)

(a) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.

(b) The Bonds maturing on or 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 on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as described herein. See "THE BONDS—Redemption Provisions."

(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, 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 Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 2400, Houston, Texas, 77056 upon payment of the costs of duplication.

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

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

Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") 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" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the 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 the entire Official Statement and of the documents summarized or described therein.

THE DISTRICT

Description and Location .... The District is a political subdivision of the State of Texas, created by order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"), dated February 23, 2004. The District is a municipal utility district and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 604 acres of land. The District is located approximately 26 miles southwest of the central downtown business district of the City of Houston (the "City") and lies wholly within the extraterritorial jurisdiction of the City and within the boundaries of the Lamar Consolidated Independent School District. The District lies approximately two miles southwest of the intersection of the Westpark Toll Road and State Highway 99 ("Grand Parkway") and near the intersection of Farm to Market Road 1093 and Farm to Market Road 723. See "THE DISTRICT" and "AERIAL PHOTO."

The Developers and Other Major Property Owners.......... Meritage Homes of Texas, LLC, an Arizona limited liability company ("Meritage"), and Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte"), jointly purchased approximately 253 acres of land in the District from Pacific Richland Investments LP, a Texas limited partnership ("Pacific Richland"), for single-family residential development. Meritage and Pulte have a joint ownership and development agreement whereby Meritage develops and builds on two-thirds of the lots and Pulte develops and builds on one-third of the lots in such approximately 253 acres in the District. Approximately 822 lots on approximately 232 acres have been constructed as Talavera, Sections 1 through 12. Collectively, Meritage and Pulte are herein referred to as the "Developers."

Pacific Richland owns approximately 49 acres of undeveloped land within the District. Richfield Investments, LLC, a Delaware limited liability company, is Pacific Richland's general partner, and Richfield Real Estate Corporation, a Delaware corporation, serves as its manager.

Dairwood Development LP, a Texas limited partnership ("Dairwood"), owns approximately 269 acres of undeveloped land within the District.

Lamar Consolidated Independent School District has commenced proceedings to condemn approximately 176 acres in the District from the Dairwood and Pacific Richland. Such matter is currently in litigation. The District does not have any additional information at this time. If condemnation is completed, the condemned acreage will no longer be subject to ad valorem taxation.

See "THE DEVELOPERS AND OTHER MAJOR PROPERTY OWNERS."

Status of Development ....A portion of the District is being developed and marketed as Talavera. The subdivision was initially platted and constructed under the name "Sendero." The name was subsequently changed to "Talavera" for marketing purposes. Development in the District began in 2015 and currently includes 822 single-family residential lots on approximately 232 acres. As of July 11, 2023, the District consisted of 822 completed homes (821 occupied) and no vacant developed lots. The average home value within the District for tax year 2023 was approximately $360,000.

The remainder of the District is comprised of approximately 21 acres of park land, open spaces and landscape reserves upon which a 2.5 acre recreation center has been constructed, which includes a recreational pool, splash pad, playground equipment, shade structure, picnic area and restrooms. There are approximately 203 developable acres that have not been provided with road, water distribution, wastewater collection and storm drainage facilities and approximately 148 acres of land that are not developable, including major thoroughfares, detention and drainage facilities, street rights-of-way, lift station sites and undevelopable reserves. See "THE DISTRICT."

THE BONDS

The Issuer .... Fort Bend County Municipal Utility District No. 132 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."

The Issue................................... The $6,715,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and the $1,615,000 Unlimited Tax Park Bonds (the "Series 2023A Park Bonds") (collectively referred to herein as the "Bonds") are dated October 1, 2023 and are issued pursuant to separate orders (the "Bond Orders") of the District's Board of Directors. The Series 2023 Bonds mature as serial bonds on September 1, 2030 and in each of the years 2034 through 2048, both inclusive, (the "Series 2023 Serial Bonds") and as term bonds on September 1 in each of the years 2029 and 2033 (the "Series 2023 Term Bonds") in the respective amounts and bearing interest at the rates for each maturity shown on the inside cover page hereof. The Series 2023A Park Bonds mature as serial bonds on September 1 in each of the years 2024 through 2029, both inclusive, (the "Series 2023A Park Serial Bonds") and as term bonds on September 1 in each of the years 2031, 2033, 2035, 2037, 2039, 2041 and 2043 (the "Series 2023A Park Term Bonds") in the respective amounts and bearing interest at the rates for each maturity shown on the inside cover page hereof. The Series 2023 Serial Bonds and the Series 2023A Park Serial Bonds may be referred to herein collectively as the "Serial Bonds." The Series 2023 Term Bonds and the Series 2023A Park Term Bonds may be referred to herein collectively as the "Term Bonds." Interest on the Bonds will accrue from the Date of Delivery and will be payable March 1 and September 1 of each year commencing March 1, 2024. The Bonds maturing on or after September 1, 2030 are subject to optional redemption, in whole or, from time to time, in part, on September 1, 2029, or on any date thereafter, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. If less than all the Bonds are redeemed, the particular series and maturity or maturities and the amounts thereof to be redeemed shall be selected by the District in integral multiples of $5,000 in any one maturity. If less than all the Bonds of the same series and maturity are redeemed, the Bonds to be redeemed shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." The Bonds will be issued in fully registered form only, in denominations of $5,000 or any integral multiple thereof. See "THE BONDS."

Book-Entry-Only .... The Bonds will be registered in the name of, and delivered only to, Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC, which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance .... At an election held within the District on May 9, 2015, voters in the District authorized a total of $333,620,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Series 2023 Bonds are the fifth installment of bonds issued by the District from such water, sanitary sewer and drainage authorizations. At an election held within the District on May 9, 2015, voters in the District authorized a total of $57,930,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. The Series 2023A Park Bonds are the first installment of bonds issued by the District from such recreational facilities authorizations. The Bonds are issued by the District pursuant to the terms and provisions of the related Bond Orders, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the general laws of the State of Texas and an Order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission").

Source of Payment..................... The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Houston or any entity other than the District. See "THE BONDS—Source and Security for Payment."

Use of Proceeds of the Series 2023 Bonds .... Proceeds from the Series 2023 Bonds will be used to reimburse the Developers for costs of financing (1) water, sewer and drainage facilities to serve Talavera (formerly called Sendero Tract), Sections 9 through 12; (2) water, sanitary sewer and drainage facilities to serve Mirandola Lane Extension; (3) Detention Pond Phase 3; (4) Sendero Lift Station No. 2; and (5) purchase of wastewater treatment plant capacity. The proceeds of the Series 2023 Bonds will also be used to pay developer interest on the costs of the above-described projects and certain costs related to the issuance of the Series 2023 Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS—The Series 2023 Bonds."

Use of Proceeds of the Series 2023A Park Bonds .... Proceeds from the Series 2023A Park Bonds will be used to reimburse the Developers for the costs of financing associated with (1) Talavera Phase 1 landscape improvements, including the landscape architecture fees for such improvements; and (2) land acquisition. Proceeds of the Series 2023A Park Bonds will also be used to pay developer interest on the costs of the above-described projects and certain costs related to the issuance of the Series 2023A Park Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS—The Series 2023A Park Bonds."

Payment Record .... The District has previously issued $21,775,000 principal amount of unlimited tax bonds in four series and $6,925,000 principal amount of unlimited tax road bonds in two series, (collectively the "Previously Issued Bonds"), of which $27,680,000 principal amount of such Previously Issued Bonds remain outstanding (the "Outstanding Bonds"). The District has never defaulted on the debt service payments on the Previously Issued Bonds.

Qualified Tax-Exempt Obligations .... The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS—Qualified Tax-Exempt Obligations."

Legal Opinion............................ Schwartz, Page & Harding, L.L.P., Bond Counsel, Houston, Texas.

Engineer .... Costello, LLC, Houston, Texas.

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

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

Paying Agent/Registrar .... The Bank of New York Mellon Trust Co., N.A., Dallas, Texas.

Municipal Bond Insurance and Municipal Bond Rating......................... S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") has assigned a municipal bond insured rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Bond Insurance Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") for the Bonds. Moody's has also assigned an underlying rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

INVESTMENT CONSIDERATIONS

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

FINANCIAL INFORMATION (UNAUDITED)

2023 Taxable Assessed Valuation	$319,682,178	(a)
Gross Direct Debt Outstanding	$36,010,000	(b)
Estimated Overlapping Debt	29,901,397	
Total Gross Direct Debt and Estimated Overlapping Debt	$65,911,397	
Ratio of Gross Direct Debt to:		
2023 Taxable Assessed Valuation	11.26%	
Ratio of Gross Direct and Estimated Overlapping Debt to:		
2023 Taxable Assessed Valuation	20.62%	
2023 Debt Service Tax Rate	$0.815	
2023 Maintenance and Operations Tax Rate	0.685	
2023 Total Tax Rate	$1.500	
Average Annual Debt Service Requirement (2024-2048)	$2,066,782	(c)
Maximum Annual Debt Service Requirement (2025)	$2,291,145	(c)
Tax Rate Required to Pay Average Annual Debt Service (2024-2048) at a 95% Collection Rate Based upon 2023 Taxable Assessed Valuation	$0.69	
Tax Rate Required to Pay Maximum Annual Debt Service (2025) at a 95% Collection Rate Based upon 2023 Taxable Assessed Valuation	$0.76	
Status of Development as of July 11, 2023 (d):		
Completed Single Family Homes (821 Occupied)	822	
Builder Connections	0	
Vacant Developed Lots	0	
Estimated Population	2,874	(e)

(a) The Fort Bend Central Appraisal District (the "Appraisal District") has certified $316,159,649 of value as of January 1, 2023. According to the Appraisal District, there are properties remaining uncertified totaling $4,403,161. The above listed assessed value includes 80% of the total uncertified value, for an estimated uncertified value of $3,522,529, plus the fully certified value of $316,159,649. See "TAX PROCEDURES."

(b) After issuance of the Bonds. See "FINANCIAL STATEMENT—Outstanding Bonds."

(c) See "DEBT SERVICE REQUIREMENTS" and "TAX DATA—Tax Adequacy for Debt Service."

(d) See "THE DISTRICT—Land Use" and "—Status of Development."

(e) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

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

$6,715,000 **UNLIMITED TAX BONDS** **SERIES 2023**	**$1,615,000** **UNLIMITED TAX PARK BONDS** **SERIES 2023A**

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 132 (the "District") of its $6,715,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and the $1,615,000 Unlimited Tax Park Bonds (the "Series 2023A Park Bonds") (collectively referred herein as the "Bonds").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Orders, and certain other information about the District, Meritage Homes of Texas, LLC, an Arizona limited liability company ("Meritage"), Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte"), Pacific Richland Investments LP, a Texas limited partnership ("Pacific Richland"), Dairwood Development LP, a Texas limited partnership ("Dairwood), and development activity in the District. Meritage and Pulte are collectively referred to as the "Developers." All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, upon payment of duplication costs therefor.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Orders. The Bond Orders authorize the issuance and sale of the Bonds and prescribe the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated October 1, 2023, 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 stated maturity or redemption. Interest on the Bonds initially accrues from the Date of Delivery, and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At an election held within the District on May 9, 2015, voters in the District authorized a total of $333,620,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Series 2023 Bonds are the fifth installment of bonds issued by the District from such water, sanitary sewer and drainage authorization. At an election held within the District on May 9, 2015, voters in the District authorized a total of $57,930,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. The Series 2023A Park Bonds are the first installment of bonds issued by the District from such recreational facilities authorization. The Bonds are issued by the District pursuant to the terms and provisions of the respective Bond Orders; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; the general laws of the State of Texas and an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission") dated August 1, 2023.

Source and Security for Payment

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAX PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the City of Houston, Fort Bend County, the State of Texas, or any political subdivision or entity other than the District.

Funds

The Bond Orders confirm the prior creation of the District's Bond Fund, including the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, sanitary sewer, drainage, and recreational facilities, including the Bonds, ("WSD&R Bonds") from funds received to pay debt service on bonds issued to finance road facilities ("Road Bonds"). The Bond Orders also confirm the District's Construction Fund, including the sub-accounts which are used to separate proceeds from WSD&R Bonds and Road Bonds. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of WSD&R Bonds.

The proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Orders shall be deposited, as collected, into the sub-account of the Bond Fund created in respect of WSD&R Bonds. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the sub-accounts created in respect of WSD&R Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub- accounts of the Bond Fund created in respect of WSD&R Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due to or become due on WSD&R Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Bond Fund, including funds in a sub-account created in respect of Road Bonds, will not be allocated to the payment of the Bonds.

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Redemption Provisions

Mandatory Redemption of the Series 2023 Term Bonds: The Series 2023 Bonds maturing on September 1 in each of the years 2029 and 2033 (the "Series 2023 Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Date"), on September 1 in each of the years and in the principal amount set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$985,000 Term Bonds Due September 1, 2029		$620,000 Term Bonds Due September 1, 2033	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2024	$ 150,000	2031	$ 200,000
2025	155,000	2032	205,000
2026	160,000	2033 (maturity)	215,000
2027	165,000		
2028	175,000		
2029 (maturity)	180,000		

Notice of the mandatory redemption of the Series 2023 Term Bonds will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of the Series 2023 Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY-SYSTEM."

Mandatory Redemption of the Series 2023A Park Term Bonds: The Series 2023A Park Bonds maturing on September 1 in each of the years 2031, 2033, 2035, 2037, 2039, 2041 and 2043 (the "Series 2023A Park Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Date"), on September 1 in each of the years and in the principal amount set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$160,000 Term Bonds Due September 1, 2031

Mandatory Redemption Date	Principal Amount
2030	$ 80,000
2031 (maturity)	80,000

$160,000 Term Bonds Due September 1, 2033

Mandatory Redemption Date	Principal Amount
2032	$ 80,000
2033 (maturity)	80,000

$160,000 Term Bonds Due September 1, 2035

Mandatory Redemption Date	Principal Amount
2034	$ 80,000
2035 (maturity)	80,000

$160,000 Term Bonds Due September 1, 2037

Mandatory Redemption Date	Principal Amount
2036	$ 80,000
2037 (maturity)	80,000

$160,000 Term Bonds Due September 1, 2039

Mandatory Redemption Date	Principal Amount
2038	$ 80,000
2039 (maturity)	80,000

$165,000 Term Bonds Due September 1, 2041

Mandatory Redemption Date	Principal Amount
2040	$ 80,000
2041 (maturity)	85,000

$170,000 Term Bonds Due September 1, 2043

Mandatory Redemption Date	Principal Amount
2042	$ 85,000
2043 (maturity)	85,000

Notice of the mandatory redemption of the Series 2023A Park Term Bonds will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of the Series 2023A Park Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY-SYSTEM."

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds (including any Term Bonds) maturing on and after September 1, 2030, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2029, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular series and maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Serial Bonds of the same series and maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." If less than all of the entire outstanding principal amount of a Term Bond is to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Orders.

Effects of Redemption: By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds (including any Term Bonds) or portions thereof to be redeemed, plus accrued interest to the redemption date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Co., N.A., Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Orders for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of a total of $333,620,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. After the issuance of the Series 2023 Bonds, $305,130,000 principal amount of such bonds will remain authorized but unissued. The District's voters have also authorized the issuance of a total of $65,095,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities and could authorize additional amounts. Currently, $58,170,000 in principal amount of said unlimited tax road bonds remain authorized but unissued. See "Financing Road Facilities" below. In addition, the District's voters have also authorized the issuance of a total of $57,930,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. After the issuance of the Series 2023A Park Bonds, $56,315,000 principal amount of such bonds will remain authorized but unissued. See "Financing Recreational Facilities" herein. The District's voters have also authorized the issuance of a total of $456,645,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, all of which is unissued, and could authorize additional amounts. See "INVESTMENT CONSIDERATIONS—Future Debt."

The Bond Orders impose no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution and Chapter 54 of the Texas Water Code, as amended, conservation and reclamation districts created pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District and at an election held within the District on May 9, 2015, voters of the District authorized a total of $65,095,000 unlimited tax bonds for financing and constructing road facilities and could authorize additional amounts. The District has issued $6,925,000 in principal amount in road bonds from said authorization and could issue additional amounts. See "—Issuance of Additional Debt" herein and "INVESTMENT CONSIDERATIONS—Future Debt." Issuance of additional bonds for road facilities could dilute the investment security for the Bonds.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District.

At an election held within the District on May 9, 2015, voters of the District authorized a total of $57,930,000 unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. After issuance of the Series 2023A Park Bonds, the District will have issued $1,615,000 in principal amount from said authorization and could issue additional amounts. See "—Issuance of Additional Debt" herein and "INVESTMENT CONSIDERATIONS—Future Debt." Issuance of additional bonds for recreational facilities could dilute the investment security for the Bonds.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed for full purposes by the City subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and, therefore, the District makes no representation that the City will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Orders, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Orders. Except for mandamus, the Bond Orders do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies."

Defeasance

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

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

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

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 has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor take any responsibility for the accuracy or completeness thereof.

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

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

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

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

THE DISTRICT

General

The District is a municipal utility district, created by an order of the TCEQ on February 23, 2004, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also, subject to certain limitations, develop and finance roads. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt," "—Financing Recreational Facilities" and "—Financing Road Facilities."

The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City and filed in the real property records of Fort Bend County. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing water, sanitary sewer and drainage facilities, recreational facilities and fire-fighting facilities, as well as voter approval of the issuance of bonds for said purposes. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE WATER, SEWER AND DRAINAGE SYSTEM."

Description and Location

The District is located approximately 26 miles southwest of the central downtown business district of the City and lies wholly within the extraterritorial jurisdiction of the City and within the boundaries of the Lamar Consolidated Independent School District. The District lies approximately two miles southwest of the intersection of the Westpark Toll Road and State Highway 99 ("Grand Parkway") and near the intersection of Farm to Market Road 1093 and Farm to Market Road 723. See "AERIAL PHOTO."

Land Use

The table below represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots
Talavera:		
Section 1…………………………………………………...	29	108
Section 2…………………………………………………...	32	64
Section 3…………………………………………………...	20	79
Section 4…………………………………………………...	25	37
Section 5…………………………………………………...	14	62
Section 6…………………………………………………...	18	62
Section 7…………………………………………………...	17	79
Section 8…………………………………………………...	17	69
Section 9…………………………………………………...	25	99
Section 10……………………………………………….…	13	57
Section 11……………………………………………….…	9	44
Section 12……………………………………………….…	13	62
Subtotal…………………………...………………………	232	822
Park Site/Open Spaces/Landscape Reserves …………………	21	---
Future Development …………………………………………	203	---
Non-Developable (a) …………………………………………	148	---
	604	822

(a) Includes major thoroughfares, detention and drainage facilities, street rights-of-way, lift station sites, and undevelopable reserves.

Status of Development

A portion of the District is being developed and marketed as Talavera. The subdivision was initially platted and constructed under the name "Sendero." The name was subsequently changed to "Talavera" for marketing purposes. Development in the District began in 2015 and currently includes Talavera Sections 1 through 12 comprised of 822 single-family residential lots on approximately 232 acres. As of July 11, 2023, the District consisted of 822 completed homes (821 occupied) and no vacant developed lots. The average home value within the District for tax year 2023 was approximately $360,000. The estimated population of the District, assuming 3.5 persons per occupied single-family residence, is 2,874.

In addition, the District has approximately 21 acres of park land, open spaces and landscape reserves upon which a 2.5 acre recreation center has been constructed, which includes a recreational pool, splash pad, playground equipment, shade structure, picnic area and restrooms.

The remainder of the District is comprised of approximately 148 acres that are not developable (major thoroughfares, detention and drainage facilities, street rights-of-way lift station sites and undeveloped reserves), and approximately 203 developable acres that have not been provided with utility service or roads.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year staggered terms and elections are held in May in even numbered years. None of the Board members reside in the District; however, each of the Board members owns land within the District subject to a deed of trust in favor of one of the Developers. The current members and officers of the Board, along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Brian Dekle	President	May 2024
Paresha Patel	Vice President	May 2026
Chris Barnett	Secretary	May 2026
Hetal Bhavsar	Asst. Secretary	May 2024
Amit Patel	Director	May 2026

The District has no full-time employees but instead contracts with the entities described below for professional services:

Tax Assessor/Collector

Land and improvements in the District are being appraised for taxation by the Fort Bend Central Appraisal District (the "Appraisal District"). The District contracts with Assessments of the Southwest, Inc. to act as Tax Assessor/Collector for the District (the "Tax Assessor/Collector").

System Operator

The operator of the District's water, wastewater and storm sewer systems is Environmental Development Partners, LLC (the "Operator").

Bookkeeper

The District contracts with Myrtle Cruz, Inc. for bookkeeping services (the "Bookkeeper").

Engineer

The District's consulting engineer is Costello, LLC (the "Engineer").

Auditor

The financial statements of the District as of June 30, 2022, and for the year then ended, included in this Official Statement, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's June 30, 2022, audited financial statements. The District has engaged McGrath & Co., PLLC to audit its financial statements for the fiscal year ended June 30, 2023.

Bond Counsel and General Counsel

Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

THE DEVELOPERS AND OTHER MAJOR PROPERTY OWNERS

Role of a Developer

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

Investors in the Bonds should note that the prior real estate experience of the Developers should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. The District cautions that the development experience of the Developers was gained in different markets and under different circumstances than those that exist in the District and the prior success, if any, is no indication or guarantee that the Developers will be successful in the development of land within the District.

The Developers are not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District. The Developers have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of its property within the District, or any other assets, at any time.

Meritage Homes of Texas, LLC ("Meritage") and Pulte Homes of Texas, L.P. ("Pulte")

Meritage and Pulte jointly purchased approximately 253 acres of land in the District from Pacific Richland Investments LP, a Texas limited partnership ("Pacific Richland"), for single family residential development. Meritage and Pulte have a joint ownership and development agreement whereby Meritage develops and builds on two-thirds of the lots and Pulte develops and builds on one-third of the lots on such approximately 253 acres in the District. Approximately 822 lots on approximately 232 of such acres have been constructed as Talavera, Sections 1 through 12.

Meritage is wholly owned by Meritage Homes of Texas Holding, Inc., an Arizona corporation ("Meritage Holdco"), and Meritage Holdco is wholly owned by Meritage Homes Corporation ("MHC"), a Maryland corporation and publicly held company, the stock of which is listed on the New York Stock Exchange under the ticker symbol "MTH." Pulte is wholly owned by Pulte Group Inc. ("PGI"), a Michigan corporation and publicly held company, the stock of which is listed on the New York Stock Exchange under the ticker symbol "PHM". MHC and PGI are subject to the information requirements of the Securities and Exchange Act of 1934, as amended, and in accordance therewith file reports and other information with the Securities and Exchange Commission ("SEC"). Reports, proxy statements and other information filed by either MHC or PGI can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Regional Office of the SEC located at Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a World Wide Web site on the Internet at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

In addition, both MHC, on its web site www.meritagehomes.com, and PGI, on its website www.pultegroupinc.com, make available their respective annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have electronically filed with the SEC as well as other financial institutions. Unless otherwise specified, information contained on either MHC or PGI's respective websites, available by hyperlink from MHC or PGI's respective website or on the SEC's website, is not incorporated into this Official Statement.

Collectively, Meritage and Pulte are herein referred to as the "Developers."

Pacific Richland Investments LP

Pacific Richland Investments LP, a Texas limited partnership ("Pacific Richland"), continues to own approximately 49 acres of undeveloped land within the District. Richfield Investments, LLC, a Delaware limited liability company, is Pacific Richland's general partner, and Richfield Real Estate Corporation, a Delaware corporation, serves as its manager.

Dairwood Development LP

Dairwood Development LP, a Texas limited partnership ("Dairwood"), owns approximately 269 acres of undeveloped land within the District.

Lamar Consolidated Independent School District has commenced proceedings to condemn approximately 176 acres in the District from the Dairwood and Pacific Richland. Such matter is currently in litigation. The District does not have any additional information at this time. If condemnation is completed, the condemned acreage will no longer be subject to ad valorem taxation.

THE WATER, SEWER AND DRAINAGE SYSTEM

Regulation

Construction and operation of the District's water, sewer and storm drainage system (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency (the "EPA"). The provision of potable water in the District is subject to the regulatory authority of the TCEQ and EPA. Withdrawal of ground water and the issuance of water well permits is subject to the regulatory authority of the North Fort Bend Regional Water Authority (the "Authority"), Fort Bend County, the City, and the Texas Department of Health also exercise regulatory jurisdiction over the District's System. Changes in regulatory criteria could require the District to make additional capital expenditures for System improvements in the future.

Water Supply

The District has purchased 825 equivalent single-family connections ("ESFCs") of water capacity from Fort Bend County Municipal Utility District No. 133 ("MUD 133") pursuant to a joint water supply agreement. See "—Joint Facilities and Cost Sharing Agreements" below. Water is supplied to MUD 133 through a 12" surface water supply line from the North Fort Bend Water Authority (the "Authority"). See "—Surface Water Conversion" below. In addition, the District and MUD 133 are served by one water plant located in MUD 133, which consists of one 1,600 gallon per minute ("gpm") well, 960,000 gallons ground storage tank capacity, 7,200 gpm booster pump capacity, two 20,000-gallon pressure tanks, a 30,000 gallon hydropneumatic pressure tank and related appurtenances, and which is operated by MUD 133. MUD 133 received an exception from the TCEQ from providing elevated storage facilities in June 2018. According to MUD 133's Engineer, MUD 133's water plant has capacity to serve 3,590 ESFCs.

MUD 133 has a water supply interconnect with Fort Bend County Municipal Utility District No. 50, which allows water supply service between the parties on an emergency basis.

Surface Water Conversion

The District is within the boundaries of the Fort Bend Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. MUD 133's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2005, the Texas Legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of the County (including the District) and a small portion of Harris County. The Authority has entered into a Water Supply Contract with the City to obtain treated surface water from the City. 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 District is included within the Authority's GRP.

The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees imposed on districts within its GRP for groundwater pumped by such districts), 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. The Authority currently charges MUD 133, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by MUD 133, and a fee per 1,000 gallons based on the amount of surface water received from the Authority. These fees are passed on to the District for its share of such water. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2025 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

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

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to continue passing such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

Wastewater Treatment

Wastewater in the District is treated by an interim wastewater treatment plant leased by MUD 133 which is presently capable of treating 1,015,000 gallons per day ("gpd") of wastewater flow. This wastewater treatment plant's current capacity is capable of serving 3,687 ESFCs based on TCEQ approved design criteria of 275.29 gpd/ESFC, of which the District has the beneficial right to use 243,900 gpd of wastewater treatment capacity (or 886 ESFCs). In addition, the District has purchased an additional 221 ESFCs from MUD 133 and has a temporary lease with MUD 133 for an additional 12 ESFCs through May 2024. According to the Engineer, the District's share of wastewater treatment capacity is capable of serving 1,107 ESFCs and the District is currently serving 822 ESFCs. See "USE AND DISTRIBUTION OF BONDS PROCEEDS."

MUD 133 leases the interim wastewater treatment plant from AUC Group, L.P. ("AUC"). The plant became operational in December 2007 and was expanded in May 2014, August 2016 and August 2018. Pursuant to the lease agreements between MUD 133 and AUC, MUD 133 is obligated to make lease payments to AUC during the term of the lease. These lease payments, and capacity in the interim wastewater treatment plant, are shared between the District and MUD 133 in accordance with the agreement between the District and MUD 133 described below. The current lease payment is $37,700 per month. AUC has indicated its willingness to sell the leased facilities to MUD 133 if MUD 133 desires to purchase the facilities. MUD 133 has made no representation whether it will purchase the facilities. MUD 133 is obligated to continue to expand the interim plant and/or construct a permanent plant in order to complete the balance of the development in the District and MUD 133. See "—Joint Facilities and Cost Sharing Agreements" below.

Joint Facilities and Cost Sharing Agreements

Water Plant Facilities: Effective July 20, 2016, the District and MUD 133 entered into that certain Joint Water Supply Agreement (the "Water Agreement") pursuant to which the District purchased 825 ESFCs of water capacity in MUD 133's water plant facilities (the "Water Plant") to serve a portion of land within the District. The costs of operating and maintaining the Water Plant are shared by and between the District and MUD 133, as more fully set forth in the Water Agreement.

Wastewater Treatment Plant Facilities: Effective July 20, 2016, the District and MUD 133 entered into that certain Amended and Restated Joint Facilities and Cost Sharing Agreement (the "Sewer Agreement") regarding construction, operation, and maintenance of wastewater treatment plant facilities leased or acquired by MUD 133 (the "Sewer Plant"). Pursuant to the Sewer Agreement, the District is entitled to the use and benefit of 243,900 gpd of wastewater treatment capacity in the Sewer Plant which equates to the capacity of serving 886 ESFCs (after the re-rating of the Sewer Plant recently completed by MUD 133). Under the Sewer Agreement, the District may require MUD 133, at the District's cost, to perform additional expansions of the Sewer Plant to serve the District. A portion of the Series 2023 Bonds proceeds will be used to purchase an additional 221 ESFCs from MUD 133. See "USE AND DISTRIBUTION OF BOND PROCEEDS—The Series 2023 Bonds."

The costs of the Sewer Plant are shared by and between the District and MUD 133, as more fully set forth in the Sewer Agreement. In general, capital costs and lease payments are shared based upon the percentage of capacity owned, and operation and maintenance costs are shared based on the proportion of each district's number of active sewer connections to the total number of active connections of both districts.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, no land within the District is located within the 100-year flood plain as designated by the most recent FEMA FIRM dated January 2, 1997. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

THE ROADS

Proceeds of the Road Bonds issued to date were used to finance several arterial/collector streets or major thoroughfares which lie within or near the boundaries of the District. These include the major thoroughfare of Bellaire Boulevard and collector streets including Canyon Fields Drive, Mirandola Parkway, and Rancho Bella Parkway which serves the Talavera Recreation Center. In addition, a portion of the proceeds of such Road Bonds were used to finance the interior collector roadways of Regatta Lake Drive, Moringview Bend Lane, and streets serving the Talavera, Section One and Sections Three through Five.

All roadways are designed and constructed in accordance with Fort Bend County (the "County") and City of Houston standards, rules and regulations. Upon acceptance by the County or the Texas Transportation Commission ("TxDOT"), as applicable, of certain roadways or roadway facilities, the County or TxDOT, as applicable, is responsible for operation and maintenance thereof. The road sound wall facilities constructed by the District are operated and maintained by the District.

The roadways lie within the public rights-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are located within the rights-of-way. The rights-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

Joint Facilities and Cost Sharing Agreement

The District and MUD 133 entered into an agreement, effective July 20, 2016, by which the District and MUD 133 share the operation and maintenance costs related to certain road, drainage, street lighting, detention, irrigation, and landscaping facilities for Bellaire Boulevard and Rancho Bella Parkway, on a 50-50 basis except for certain road drainage facilities which are split based on the proportion of each district's acreage to the total acreage in both districts.

THE PARK SYSTEM

The District prepared and approved a Master Park Plan, as may be amended from time to time. The Master Park Plan outlines projects related to parks and recreational facilities within the District. The Developers have constructed certain park and recreational facilities within the District. Proceeds of the Series 2023A Park Bonds will be used to reimburse the Developers for various recreational facility expenditures, including but not limited to the amenity portions of certain detention ponds, land acquisition, landscaping, hardscaping, and related appurtenances, located within the District on District-owned property or within public rights-of-way. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a detailed description of the use of bond proceeds.

USE AND DISTRIBUTION OF BOND PROCEEDS

The Series 2023 Bonds

Proceeds of the Series 2023 Bonds will be used to reimburse the Developers for construction and engineering costs and other expenses related to: (1) water, sewer and drainage facilities to serve Talavera (formerly called Sendero Tract)[(a)], Sections 9 through 12; (2) water, sewer and drainage facilities to serve Mirandola Lane Extension; (3) Detention Pond Phase 3; (4) Sendero Lift Station No. 2; and (5) purchase of wastewater treatment plant capacity. In addition, Bond proceeds will be used to pay Developer interest on the construction and engineering costs of the above described projects; and to pay certain costs related to the issuance of the Bonds.

The construction costs below were compiled by the District's Engineer and were submitted to the TCEQ in the District's bond application. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Series 2023 Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

CONSTRUCTION RELATED COSTS		
Construction Costs…………………………………………	$	4,750,867
Engineering…………………………………………………		729,521
Total Construction Related Costs……………………………	**$**	**5,480,388**
NON-CONSTRUCTION COSTS		
Underwriter's Discount (b)…………………………………	$	201,168
Developer Interest……………………………………………		615,135
Contingency (b)………………………………………………		282
Total Nonconstruction Costs…………………………………	**$**	**816,585**
ISSUANCE COSTS AND FEES		
Issuance Costs and Professional Fees………………………	$	358,248
Bond Application Report……………………………………		36,276
State Regulatory Fees…………………………………………		23,503
Total Issuance Costs and Fees…………………………………	**$**	**418,027**
TOTAL BOND ISSUE……………………………………………	**$**	**6,715,000**

(a) The subdivision was originally platted and constructed under the name "Sendero." The name was subsequently changed to "Talavera" for marketing purposes.
(b) Contingency represents the difference in the estimated and actual amounts of Underwriter's discount.

In the instance that TCEQ-approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved under the rules of the TCEQ.

The Series 2023A Park Bonds

Proceeds from the Series 2023A Park Bonds will be used to reimburse the Developers for the costs of financing associated with (1) Talavera Phase 1 landscape improvements, including the landscape architecture fees for such improvements; and (2) land acquisition. Proceeds of the Series 2023A Park Bonds will also be used to pay developer interest on the costs of the above-described projects and certain costs related to the issuance of the Series 2023A Park Bonds.

The construction costs below were compiled by the District's Engineer and were submitted to the TCEQ in the District's bond application. Non-construction costs are based upon either contract amounts or estimates of various costs by the Engineer and Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Series 2023A Park Bonds and completion of agreed-upon procedures by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

CONSTRUCTION RELATED COSTS		
Construction Costs…………………………………………………	$	64,816
Land Acquisition……………………………………………………		1,380,635
Total Construction Related Costs……………………………………	**$**	**1,445,451**
NON-CONSTRUCTION COSTS		
Underwriter's Discount (a)………………………………………	$	48,336
Developer Interest…………………………………………………		7,970
Contingency (a)……………………………………………………		114
Total Nonconstruction Costs…………………………………………	**$**	**56,420**
ISSUANCE COSTS AND FEES		
Issuance Costs and Professional Fees…………………………	$	98,752
Bond Application Report………………………………………		8,724
State Regulatory Fees………………………………………………		5,653
Total Issuance Costs and Fees………………………………………	**$**	**113,129**
TOTAL BOND ISSUE………………………………………………	**$**	**1,615,000**

(a) Contingency represents the difference in the estimated and actual amounts of Underwriter's discount.

In the instance that TCEQ-approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved under the rules of the TCEQ.

Future Development

The Developers have financed or are financing the engineering and construction costs of underground utilities to serve development within the District, as well as certain other District improvements including water supply, wastewater treatment facilities, road improvements and recreational facilities. After reimbursements are made with Bond proceeds, the Developers will have expended approximately $10,580,000 for design, construction and acquisition of District water, wastewater and drainage facilities not yet reimbursed, approximately $3,115,000 for road construction not yet reimbursed, and approximately $3,410,000 for recreational facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in whole or in part, to reimburse the Developers for these costs. Additionally, the District contains approximately 203 acres of developable land not presently served with road facilities, water supply and distribution, wastewater collection and treatment and storm drainage facilities. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage. The District makes no representation that any additional development will occur within the District. According, to the Engineer, under current development plans, the remaining authorized but unissued bonds ($305,130,000 principal amount for water, sanitary sewer, and drainage facilities, $58,170,000 principal amount for roads, and $56,315,000 principal amount for recreational facilities) should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, road and recreational system for full development of the District. See "INVESTMENT CONSIDERATIONS—Future Debt."

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
05/09/2015	Water, Sanitary Sewer and Drainage ("WS&D") Facilities	$333,620,000	$28,490,000*	$305,130,000
05/09/2015	Recreational Facilities	$57,930,000	$1,615,000*	$56,315,000
05/09/2015	Roads Facilities	$65,095,000	$6,925,000	$58,170,000
05/09/2015	Refunding of WS&D, Recreational and Road Bonds	$456,645,000	$0	$456,645,000

* Includes the Bonds.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2023 Taxable Assessed Valuation	$319,682,178	(a)
Gross Direct Debt Outstanding (the Bonds and the Outstanding Bonds)	$36,010,000	
Ratio of Gross Direct Debt to: 2023 Taxable Assessed Valuation	11.26%	

Area of District – 604 Acres
Estimated 2023 Population – 2,874 (b)

(a) The Fort Bend Central Appraisal District (the "Appraisal District") has certified $316,159,649 of value as of January 1, 2023. According to the Appraisal District, there are properties remaining uncertified totaling $4,403,161. The above listed assessed valuation includes 80% of the total uncertified value, for an estimated uncertified value of $3,522,529, plus the fully certified value of $316,159,649. See "TAX PROCEDURES."
(b) Based upon 3.5 persons per occupied single-family residence.

Cash and Investment Balances (unaudited as of August 10, 2023)

General Fund	Cash and Temporary Investments	$3,086,716	(a)
Construction Fund	Cash and Temporary Investments	$440,060	
Bond Fund	Cash and Temporary Investments	$2,172,811	(b)
Bond Fund Road Bond Account	Cash and Temporary Investments	$601,306	(b)
Road Construction Fund Account	Cash and Temporary Investments	$337	

(a) The District plans to use approximately $450,000 in surplus operating funds to reimburse Pacific Richland for costs related to wastewater treatment plant capacity.
(b) Texas law nor the Bond Orders require the District to maintain any minimum balance in the Bond Funds, nor any subaccount thereof. Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to Road Bonds and a portion will be allocated to WSD&R Bonds, including the Bonds. See "—Outstanding Bonds." The Road Bond Fund is not pledged to the WSD&R Bonds, including the Bonds, and the WSD&R Bond Fund is not pledged to the Road Bonds.

Investments of the District

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

Outstanding Bonds

Series		Original Principal Amount	Outstanding Bonds (as of 07/01/23)
2018	(a)	$ 4,925,000	$ 4,595,000
2019		5,000,000	4,785,000
2020		6,075,000	5,875,000
2020A	(a)	2,000,000	1,925,000
2021		7,000,000	6,800,000
2022		3,700,000	3,700,000
Total		$ 28,700,000	$ 27,680,000

(a) Unlimited tax road bonds.

ESTIMATED OVERLAPPING DEBT STATEMENT

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Fort Bend County…………………………………	$ 956,522,050	7/31/2023	0.29%	$ 2,773,914
Fort Bend County Drainage District………………	23,615,000	7/31/2023	0.29%	68,484
Lamar Consolidated ISD…………………………	2,312,735,000	7/31/2023	1.17%	27,059,000
Total Estimated Overlapping Debt………………				$ 29,901,397
The District……………………………………	36,010,000 (a)	Current	100.00%	36,010,000
Total Direct and Estimated Overlapping Debt…				$ 65,911,397

Ratio of Estimated Direct and Overlapping Debt to 2023 Taxable Assessed Valuation……………………… 20.62%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes for 2022

	Tax Rate per $100 of Taxable Assessed Valuation
Fort Bend County (including Drainage District)………….	$ 0.45280
Fort Bend County ESD No. 4………………………………	0.10000
Lamar Consolidated ISD……………………………………	1.24200
Total Overlapping Tax Rate………………………………	$ 1.79480
The District (a)………………………………………………	1.50000
Total Tax Rate………………………………………………	$ 3.29480

(a) See "TAX DATA—Tax Rate Distribution."

TAX DATA

Historical Tax Collections

The following statement of tax collections set forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to such records for further and more complete information.

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of July 31, 2023 (a)	
				Amount	Percent
2018	$ 34,522,764	$ 1.50	$ 517,841	$ 517,841	100.00%
2019	78,115,566	1.50	1,174,673	1,174,673	100.00%
2020	129,960,480	1.50	1,949,407	1,949,325	100.00%
2021	201,555,665	1.50	3,023,335	3,012,741	99.65%
2022	289,039,262	1.50	4,335,589	4,304,649	99.29%
2023	316,159,649	1.50	4,742,395	(b)	(b)

(a) Unaudited.
(b) In process of collection. Taxes for 2023 are due by January 31, 2024.

Taxes are due upon receipt of bill therefor and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. No split payments are allowed and no discounts are allowed.

Tax Rate Distribution

	2023	2022	2021	2020	2019
Debt Service	$0.815	$0.790	$0.750	$0.690	$0.620
Maintenance and Operations	0.685	0.710	0.750	0.810	0.880
Total	$1.500	$1.500	$1.500	$1.500	$1.500

Debt Service Tax

The Board covenants in the Bond Orders to levy and assess, for each year that all or any part of the Bonds or the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Bonds. The District levied a $0.815 debt service for 2023. See “Tax Rate Distribution” above and “Tax Roll Information” herein, and “TAX PROCEDURES” and “INVESTMENT CONSIDERATIONS—Factors Affecting Taxable Values and Tax Payment.”

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was held on May 9, 2015, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 assessed valuation for general operations and maintenance costs. The District levied a $0.685 general operations and maintenance tax rate for 2023. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.

Tax Exemptions

For the tax year 2023, the District has not adopted any tax exemptions for property located within the District. See “TAX PROCEDURES—Property Subject to Taxation by the District.”

Additional Penalties

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

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the certified portion ($316,159,649) of the 2023 Taxable Assessed Valuation of $319,682,178, which reflects ownership at January 1, 2023. An accurate principal taxpayer list in connection with the uncertified portion ($3,522,529) of the 2023 Taxable Assessed Valuation is not available as of the date hereof.

Taxpayer	2023 Certified Taxable Assessed Valuation	% of 2023 Certified Taxable Assessed Valuation
Dairwood Development LP (a)	$ 4,299,784	1.36%
Pacific Richland Investments LP (a)	4,292,995	1.36%
Individual	1,017,029	0.32%
Individual	785,546	0.25%
Centerpoint Energy Electric	631,877	0.20%
Individual	595,352	0.19%
Individual	575,408	0.18%
Drill Corp. Inc.	574,072	0.18%
Individual	572,176	0.18%
Individual	569,686	0.18%
Total	$ 13,913,925	4.40%

(a) See "THE DEVELOPERS AND OTHER MAJOR PROPERTY OWNERS."

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAX PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2021 through 2023 Taxable Assessed Valuations. An accurate breakdown of the uncertified portion of the 2023 Taxable Assessed Valuation is not available as of the date hereof. Differences in value from other information herein are due to differences in dates of information provided.

	2023	2022	2021
Land	$ 76,662,070	$ 53,810,580	$ 43,523,080
Improvements	246,439,595	272,943,901	166,505,838
Personal Property	158,593	432,980	1,096,030
Exemptions	(7,100,609)	(38,148,199)	(9,569,283)
Certified Value	$316,159,649	$289,039,262	$201,555,665
Uncertified Value	3,522,529	-	-
Total Value	$319,682,178	$289,039,262	$201,555,665

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2023 Taxable Assessed Valuation of $319,682,178 ($316,159,649 certified plus $3,522,529 uncertified), no use of debt service funds on hand and utilize tax rates necessary to pay the District's maximum and average annual debt service requirement at a 95% collection rate. See "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2024-2048)..........$2,066,782
$0.69 Tax Rate on 2023 Taxable Assessed Valuation..........$2,095,517

Maximum Annual Debt Service Requirement (2025)..........$2,291,145
$0.76 Tax Rate on 2023 Taxable Assessed Valuation..........$2,308,105

No representation or suggestion is made that the uncertified portion of the 2023 Taxable Assessed Valuation for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAX PROCEDURES."

TAX PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Fort Bend County, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Fort Bend County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2023 tax year, the District has not granted any such exemptions. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence 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 (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action, or (ii) fatally injured in the line of duty, is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil 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 certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which 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. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it 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. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

Tax Exemption Provided to Public Facility Corporations and Certain Lessees

Chapter 303 of the Texas Local Government Code (the "PFC Act") authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. The 88th Texas Legislature passed H.B. 2071, which became effective June 18, 2023, to amend the PFC Act. H.B. 2071 significantly revised the PFC Act's requirements for the lessee of a multifamily residential development to qualify for this exemption and provides that the exemption for such projects does not apply to taxes imposed by a conservation and reclamation district providing water, sewer or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H. B. 2071 are governed by the prior law and are not subject to the same requirements. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that 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. For the 2023 tax year, the District has not granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. 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 District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "Rollback of Operation and Maintenance Tax Rate" herein. 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.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture 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 such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the 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 for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2023, no land within the District was designated for agricultural use, open space, inventory deferment, or timberland.

Tax Abatement

The City of Houston and Fort Bend County may designate all or part of the District as a reinvestment zone, and the District, Fort Bend County and (if it were to annex the area) the City of Houston may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. 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 (i) is a person sixty-five (65) years of age or older, (ii) is 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 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 with the District in the preceding 24 months.

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. See "ESTIMATED OVERLAPPING DEBT STATEMENT." 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 sixty-five (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 (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) 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 Collection Limitations."

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all land, 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. See "TAX DATA" for a description of the District's current total tax rate.

Low Tax Rate Districts: Low Tax Rate Districts 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 Low Tax Rate District 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 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.

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 of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Developing Districts: Districts that do not meet the classification of a Low Tax Rate District 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 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 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.

The District: A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District has been designated as a Developed District for the 2023 tax year. 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 OPERATIONS

The Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues from operations of the District's system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds. It is anticipated that no significant operation revenues will be used for debt service on the Bonds or the Outstanding Bonds in the foreseeable future.

The following statement sets forth in condensed form the General Operating Fund for the District as shown in the District's audited financial statement for the fiscal years ended June 30, 2019 through 2022, and an unaudited summary for the fiscal year ended June 30, 2023, provided by the District's bookkeeper. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended June 30				
	2023 (a)	2022	2021	2020	2019
Revenues:					
Water Service	$ 333,673	$ 246,048	$ 220,332	$ 184,815	$ 99,887
Sewer Service	328,168	317,705	287,165	200,755	109,027
Property Taxes	2,053,897	1,497,416	1,033,256	686,804	513,991
Penalties and Interest	13,682	12,280	10,151	7,719	6,529
Regional Water Authority Fees	621,554	558,605	399,241	326,507	148,521
Tap Connections and Inspection	1,509	42,131	475,785	373,626	181,255
Purchased Water Reimbursement	-	-	176,070	-	-
Miscellaneous	-	8,696	6,480	7,220	2,535
Investment Earnings	79,902	3,966	548	610	515
Total Revenue	$ 3,432,385	$ 2,686,847	$ 2,609,028	$ 1,788,056	$ 1,062,260
Expenditures:					
Purchased Services	$ 908,810	$ 923,581	$ 775,847	$ 807,508	$ 478,792
Professional Fees	225,442	150,588	174,313	159,075	198,406
Contracted Services	235,890	279,578	518,079	408,295	289,312
Repairs and Maintenance	116,534	238,598	243,564	128,070	66,041
Utilities	49,631	47,297	43,643	40,138	37,334
Administrative	43,125	31,547	33,173	28,453	24,234
Capital Outlay	816,303 (b)	-	-	-	69,308
Other	8,626	5,669	4,531	2,139	22,711
Total Expenditures	$ 2,404,363	$ 1,676,858	$ 1,793,150	$ 1,573,678	$ 1,186,138
NET REVENUES	$ 1,028,022	$ 1,009,989	$ 815,878	$ 214,378	$ (123,878)
OTHER FINANCING SOURCES/(USES)					
Developer Advances	$ -	$ -	$ -	$ -	$ 257,819
Interfund Transfers	-	-	24,518	30,853	(12,083)
General Operating Fund Balance (Beginning of Year)	$ 2,297,106	$ 1,287,117	$ 446,721	$ 201,490	$ 79,632
General Operating Fund Balance (End of Year)	$ 3,325,128	$ 2,297,106	$ 1,287,117	$ 446,721	$ 201,490

(a) Unaudited. Provided by the Bookkeeper.
(b) Represents expenditures related to the reimbursement of Developers and other major property owners. See "THE DEVELOPERS AND OTHER MAJOR PROPERTY OWNERS."

DEBT SERVICE REQUIREMENTS

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

Year	Outstanding Bonds Debt Service Requirements		Plus: The Series 2023 Bonds			Plus: The Series 2023A Park Bonds			Total Debt Service Requirements
			Principal	Interest	Total	Principal	Interest	Total	
2023	$ 1,304,136	(a)							$ 1,304,136
2024	1,699,208		$ 150,000	$ 278,402	428,402	$ 80,000	$ 63,703	$ 143,703	2,271,312
2025	1,677,595		155,000	310,081	465,081	80,000	68,469	148,469	2,291,145
2026	1,668,675		160,000	299,619	459,619	80,000	63,669	143,669	2,271,963
2027	1,653,075		165,000	288,819	453,819	80,000	59,469	139,469	2,246,363
2028	1,637,055		175,000	277,681	452,681	80,000	55,469	135,469	2,225,205
2029	1,630,605		180,000	265,869	445,869	80,000	51,469	131,469	2,207,943
2030	1,620,605		190,000	253,719	443,719	80,000	47,469	127,469	2,191,793
2031	1,610,105		200,000	243,269	443,269	80,000	44,269	124,269	2,177,643
2032	1,604,205		205,000	234,769	439,769	80,000	41,069	121,069	2,165,043
2033	1,597,168		215,000	226,056	441,056	80,000	37,869	117,869	2,156,093
2034	1,588,578		225,000	216,919	441,919	80,000	34,669	114,669	2,145,165
2035	1,578,155		235,000	207,356	442,356	80,000	31,469	111,469	2,131,980
2036	1,566,813		245,000	197,369	442,369	80,000	28,269	108,269	2,117,450
2037	1,554,488		255,000	186,956	441,956	80,000	24,969	104,969	2,101,413
2038	1,545,600		265,000	176,119	441,119	80,000	21,669	101,669	2,088,388
2039	1,530,488		275,000	164,856	439,856	80,000	18,269	98,269	2,068,613
2040	1,524,163		285,000	153,169	438,169	80,000	14,869	94,869	2,057,200
2041	1,511,581		300,000	140,700	440,700	85,000	11,369	96,369	2,048,650
2042	1,497,806		310,000	127,575	437,575	85,000	7,650	92,650	2,028,031
2043	1,487,044		325,000	113,625	438,625	85,000	3,825	88,825	2,014,494
2044	1,480,156		340,000	99,000	439,000	-	-	-	1,919,156
2045	1,421,356		355,000	83,700	438,700	-	-	-	1,860,056
2046	1,369,188		370,000	67,725	437,725	-	-	-	1,806,913
2047	1,333,969		385,000	51,075	436,075	-	-	-	1,770,044
2048	523,750		750,000	33,750	783,750	-	-	-	1,307,500
Total	$ 39,215,564		$ 6,715,000	$ 4,698,177	$ 11,413,177	$ 1,615,000	$ 729,947	$ 2,344,947	$ 52,973,687

(a) Excludes March 1, 2023 debt service payment of $381,571.67.

Maximum Annual Debt Service Requirement (2025) $2,291,145
Average Annual Debt Service Requirements (2024-2048)... $2,066,782

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Fort Bend County, the City of Houston, or any other political entity other than the District, will be secured by an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or, in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates, at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 26 miles from the central downtown business district of the City, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and a decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of or reduce the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 26 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the southwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developers in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Landowner Obligation to the District

There are no commitments from or obligations of the Developers or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds, the District will increase or maintain its taxable value.

Undeveloped Acreage and Vacant Lots

There are approximately 203 developable acres of land within the District that have not been provided with road, water, wastewater and storm drainage facilities necessary for the construction of taxable improvements. Lamar Consolidated Independent School District has commenced proceedings to condemn approximately 176 acres in the District from Dairwood and Pacific Richland. Such matter is currently in litigation. The District does not have any more information at this time. If the condemnation is completed, a portion of the remaining developable acreage in the District may be exempt from ad valorem taxation. As of July 11, 2023, no lots were vacant and available for home construction. The District makes no representation as to when or if development of the undeveloped acreage will occur or that the lot sales and building program will be successful. The District makes no representation as to when or if development of this acreage will occur. Failure of the Developers to develop the developable land or of builders to construct homes in any developed lots could restrict the rate of growth of taxable values in the District. See "THE DISTRICT—Land Use."

Extreme Weather Events

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

The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the Operator and the Engineer, the District's waterworks and sewer system did not sustain any material damage, there was no interruption of water and sewer service, and no homes within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

Ponding (or Pluvial) 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 Effects of Oil Price Fluctuations on the Houston Area

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

Possible Impact on District Tax Rates

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 2023 Taxable Assessed Valuation of the District is $319,682,178 ($316,159,649 certified plus $3,522,529 uncertified). After issuance of the Bonds, the maximum annual debt service requirement will be $2,291,145 (2025) and the average annual debt service requirement will be $2,066,782 (2024-2048). Assuming no increase or decrease from the 2023 Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of $0.76 per $100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of $2,291,145 and a tax rate of $0.69 per $100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of $2,066,782. See "DEBT SERVICE REQUIREMENTS." Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2023 Taxable Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event major taxpayers do not pay their District taxes timely. See "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the uncertified portion of the 2023 Taxable Assessed Valuation for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAX PROCEDURES."

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $333,620,000 in principal amount of unlimited tax bonds has been authorized by the District's voters for the purpose of acquiring or constructing water, sewer and drainage facilities, and after the issuance of the Series 2023 Bonds, $305,130,000 in principal amount of said unlimited tax bonds will remain authorized but unissued. A total of $65,095,000 in principal amount of unlimited tax bonds has been authorized by the District's voters for constructing road facilities, and currently $58,170,000 in principal amount of said unlimited tax bonds remain authorized but unissued. The District's voters have also authorized the issuance of a total of $57,930,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities, and after issuance of the Series 2023A Park Bonds, $56,315,000 in principal amount of said unlimited tax bonds will remain authorized but unissued. In addition, voters have authorized $456,645,000 principal amount of unlimited tax refunding bonds, all of which remains authorized but unissued. Voters may authorize the issuance of additional bonds secured by ad valorem taxes for any or all of the above purposes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds.

After reimbursements are made with Bond proceeds, the District will continue to owe the Developers approximately $17,105,000 plus interest for advances made for the engineering and construction of water, sanitary sewer and storm drainage facilities, recreational facilities and road facilities. The District intends to issue additional bonds in order to fully reimburse the Developers for facilities constructed or under construction and to provide water, sewer, storm sewer and major drainage facilities and channel improvements, roads and recreational facilities to the remainder of undeveloped but developable land (203 acres). In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. Except with respect to additional bonds for roads, the issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. Further, the principal amount of bonds issued to finance recreational facilities may not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan duly adopted by the District for such facilities. See "THE BONDS—Issuance of Additional Debt," "—Financing of Recreational Facilities" and "—Financing of Road Facilities."

Environmental and Air Quality 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 Service Area. 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 two separate federal ozone standards: the 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), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

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

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

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.

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain. See "THE WATER, SEWER AND DRAINAGE SYSYEM—100-Year Flood Plain."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other 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 procedure against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable 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. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Orders, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Orders. Except for mandamus, the Bond Orders do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners.

Statutory language authorizing local governments to sue and be sued does not waive the local government's sovereign immunity for suits for money damages so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Orders may not be reduced to a judgment for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

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) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, 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 a district with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning District relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owner could potentially and adversely impair the value of the Registered Owner's claim.

If 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 were confirmed by the bankruptcy court, it could, among other things, affect the Registered 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 Registered Owner's claim against the District.

A district may not be forced into bankruptcy involuntarily.

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 in the Bond Orders 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 "LEGAL MATTERS—Tax Exemption."

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Initial Purchaser (as defined herein) has entered into an agreement with Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") for the purchase of separate municipal bond insurance policies (each a "Bond Insurance Policy" and collectively, the "Bond Insurance Policies"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and "A1" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATING."

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurer and its claim paying ability. The insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the insurer and of the ratings on the Bonds insured by the insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

The obligations of the insurer are contractual obligations and in an event of default by the insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies. Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the insurer and no assurance or representation regarding the financial strength or projected financial strength of the insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the insurer, particularly over the life of the investment. See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" for further information provided by the insurer and the Bond Insurance Policy, which includes further instructions for obtaining current financial information concerning the insurer.

Marketability

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

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "THE DISTRICT—General," "MANAGEMENT OF THE DISTRICT—Bond Counsel and General Counsel," "TAX PROCEDURES," and "LEGAL MATTERS" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

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 will be excludable from the "gross income" of the holders thereof, 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 Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Orders 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.

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, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."**

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.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, 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 individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC 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.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code.

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.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

<u>Tax Accounting Treatment of Original Issue Discount and Premium Bonds</u>

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 accrued period or be in excess of one year (the "Original Issue Discount Bonds"). 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 constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. 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, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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 amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH 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.

The initial public offering price to be paid for certain maturities of the Bonds is greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

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

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

NO MATERIAL ADVERSE CHANGE

The obligations of the Initial Purchaser to take and pay for the Bonds, and 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 or contemplated in the Official Statement, as it may have been supplemented or amended through the date of the sale.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") has assigned a municipal bond rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") has assigned a municipal bond rating of "A1" (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Bond Insurance Policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "Baa3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") will issue separate municipal bond insurance policies for the Bonds (each a "Bond Insurance Policy" and collectively, the "Bond Insurance Policies"). The Bond Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Bond Insurance Policy included as "APPENDIX B" to this Official Statement.

The Bond Insurance 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 subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP. 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); and

(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).

(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."

SALE AND DISTRIBUTION OF THE BONDS

After requesting competitive bids for the Series 2023 Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was rendered by SAMCO Capital Markets, Inc. (the "Series 2023 Initial Purchaser") bearing the interest rates shown on the inside cover page of this Official Statement, at a price of 97.0042% of the principal amount thereof, which resulted in a net effective interest rate of 4.705781% as calculated pursuant to Chapter 1204, Texas Government Code (the "IBA" method).

After requesting competitive bids for the Series 2023A Park Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was rendered by SAMCO Capital Markets, Inc. (the "Series 2023A Park Initial Purchaser") bearing the interest rates shown on the inside cover page of this Official Statement, at a price of 97.0071% of the principal amount thereof, which resulted in a net effective interest rate of 4.612277% as calculated pursuant to Chapter 1204, Texas Government Code (the "IBA" method).

The Series 2023 Initial Purchaser and the Series 2023A Park Initial Purchaser shall be referred to herein collectively as the "Initial Purchaser."

The prices and other terms with respect to the offering and the sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allocate or effect transactions which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Consultants

In approving this Official Statement, the District has relied upon the following consultants in addition to the Financial Advisor.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," "THE ROADS," "THE PARK SYSTEM" and "THE WATER, SEWER and DRAINAGE SYSTEM" (as it relates to District facilities) has been provided by Costello, LLC, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the Assessed Valuations of the District has been provided by the Fort Bend Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Fort Bend County, including the District.

Tax Assessor Collector: The information contained in this Official Statement relating to the historical breakdown of the Certified Taxable Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Assessments of the Southwest, Inc. and is included herein in reliance upon Assessments of the Southwest, Inc. as an expert in collecting taxes.

Auditor: The financial statements of the District, as of June 30, 2022, and for the year then ended, included in this offering document, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's June 30, 2022 audited financial statements.

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

UPDATING OF OFFICIAL STATEMENT

For the period beginning on the date of the award of the sale of the Bonds to the Initial Purchaser and ending on the ninety-first (91st) day after the "end of the underwriting period," (as defined in Rule 15c(2)-12(f)(2) of the United States Securities and Exchange Commission (the "SEC")), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Initial Purchaser of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

CERTIFICATION OF OFFICIAL STATEMENT

The District, acting through its Board in its official capacity and in reliance upon the experts listed above, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED," "DISTRICT OPERATIONS," "DEBT SERVICE REQUIREMENTS," "TAX DATA," (most of which information is contained in the District's annual audited financial statements) and in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2023.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Orders or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Specified Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-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 CFR § 240.15c2-12 (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 to a decision to purchase or sell Bonds. (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 the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meaning ascribed to them under federal securities laws. Neither the Bonds nor the Bond Orders make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. Investors can access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as changed circumstances, and either the Holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as a nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid but in either case, only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

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

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 132, as of the date shown on the cover page.

/s/ Brian Dekle
President, Board of Directors
Fort Bend County Municipal Utility District No. 132

ATTEST:

/s/ Chris Barnett
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 132

AERIAL PHOTO

(Approximate boundaries as of June 2023)

FORT BEND COUNTY
MUNICIPAL UTILITY
DISTRICT NO. 132
WESTPARK TOLLWAY
F.M. 723
N

PHOTOGRAPHS

The following photographs were taken in the District in June 2023 solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if additional improvements will be constructed in the future.


TALAVERA


TALAVERA
TALAVERA
RECREATION CENTER
24855

APPENDIX A

District Audited Financial Statements for the fiscal year ended June 30, 2022

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 132

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2022

Table of Contents

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

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 132
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 132 (the "District"), as of and for the year ended June 30, 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 Fort Bend County Municipal Utility District No. 132, as of June 30, 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.

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
November 10, 2022

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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 Fort Bend County Municipal Utility District No. 132 (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 June 30, 2022. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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 June 30, 2022, was negative $11,598,670. This amount is negative because the District incurs debt to construct roads which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of June 30, 2022 and 2021, is as follows:

	2022	2021
Current and other assets	$ 5,902,357	$ 4,148,392
Capital assets	29,884,554	26,644,235
Total assets	35,786,911	30,792,627
Current liabilities	1,401,086	916,743
Long-term liabilities	45,984,495	41,374,591
Total liabilities	47,385,581	42,291,334
Net position		
Net investment in capital assets	(7,644,087)	(5,977,901)
Restricted	1,706,593	1,053,849
Unrestricted	(5,661,176)	(6,574,655)
Total net position	$ (11,598,670)	$ (11,498,707)

The total net position of the District decreased during the current fiscal year by $99,963. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2022	2021
Revenues		
Property taxes, penalties and interest	$ 3,061,262	$ 1,975,887
Water and sewer service	1,122,358	906,738
Other	60,401	660,572
Total revenues	4,244,021	3,543,197
Expenses		
Current service operations	1,725,251	1,846,211
Debt interest and fees	626,421	464,545
Developer interest	642,409	339,044
Debt issuance costs	529,268	689,946
Depreciation and amortization	791,019	736,705
Total expenses	4,314,368	4,076,451
Change in net position before other item	(70,347)	(533,254)
Other item		
Transfers to other governments	(29,616)	(171,386)
Change in net position	(99,963)	(704,640)
Net position, beginning of year	(11,498,707)	(10,794,067)
Net position, end of year	$ (11,598,670)	$ (11,498,707)

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2022, were $5,365,009, which consists of $2,297,106 in the General Fund, $1,899,311 in the Debt Service Fund and $1,168,592 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of June 30, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 2,617,924	$ 1,647,657
Total liabilities	$ 291,838	$ 346,378
Total deferred inflows	28,980	14,162
Total fund balance	2,297,106	1,287,117
Total liabilities, deferred inflows and fund balance	$ 2,617,924	$ 1,647,657

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

	2022	2021
Total revenues	$ 2,686,847	$ 2,609,028
Total expenditures	(1,676,858)	(1,793,150)
Revenues over expenditures	1,009,989	815,878
Other changes in fund balance		24,518
Net change in fund balance	$ 1,009,989	$ 840,396

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water, sewer, and Regional Water Authority fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of June 30, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 1,954,130	$ 1,247,662
Total liabilities	$ 17,142	$ 17,145
Total deferred inflows	37,677	16,106
Total fund balance	1,899,311	1,214,411
Total liabilities, deferred inflows and fund balance	$ 1,954,130	$ 1,247,662

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

	2022	2021
Total revenues	$ 1,518,993	$ 925,850
Total expenditures	(834,093)	(534,960)
Revenues over expenditures	684,900	390,890
Other changes in fund balance		192,719
Net change in fund balance	$ 684,900	$ 583,609

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in 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 June 30, 2022 and 2021 is as follows:

	2022	2021
Total assets	$ 1,330,303	$ 1,253,073
Total liabilities	$ 161,711	$ 161,552
Total fund balance	1,168,592	1,091,521
Total liabilities and fund balance	$ 1,330,303	$ 1,253,073

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

	2022	2021
Total revenues	$ 1,792	$ 922
Total expenditures	(6,924,721)	(7,134,657)
Revenues under expenditures	(6,922,929)	(7,133,735)
Other changes in fund balance	7,000,000	7,633,011
Net change in fund balance	$ 77,071	$ 499,276

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2021 Unlimited Tax Bonds in the current year and the sale of its Series 2020 Unlimited Tax Bonds and Series 2020A Unlimited Tax Road Bonds 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 Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $301,029 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 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 June 30, 2022 and 2021 are summarized as follows:

	2022	2021
Capital assets not being depreciated/amortized		
Land and improvements	$ 5,431,928	$ 2,709,651
Capital assets being depreciated/amortized		
Infrastructure	16,742,003	16,341,008
Interest in joint facilities	4,113,254	4,113,254
Landscaping improvements	6,988,113	6,080,047
	27,843,370	26,534,309
Less accumulated depreciation/amortization		
Infrastructure	(1,868,326)	(1,497,806)
Interest in joint facilities	(482,302)	(399,926)
Landscaping improvements	(1,040,116)	(701,993)
	(3,390,744)	(2,599,725)
Depreciable capital assets, net	24,452,626	23,934,584
Capital assets, net	$ 29,884,554	$ 26,644,235

Capital asset additions during the current year include fence and landscaping improvements to serve Talavera, Sections 11 and 12.

Fort Bend County assumes responsibility for all public roads constructed within the boundaries of the County. Consequently, these projects are not recorded as capital assets on the District's financial statements, but are recorded as transfers to other governments upon completion of construction. For the year ended June 30, 2022, adjustments to the value of capital assets in the amount of $29,616 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 June 30, 2022, the District owes approximately $22,004,495 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 6, the District has an additional commitment in the amount of $427,880 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 June 30, 2022 and 2021, the District had total bonded debt outstanding as shown below:

Series	2022	2021
2018 Road	$ 4,710,000	$ 4,820,000
2019	4,895,000	5,000,000
2020	6,075,000	6,075,000
2020A Road	2,000,000	2,000,000
2021	7,000,000	
	$ 24,680,000	$ 17,895,000

During the current year, the District issued $7,000,000 in unlimited tax bonds. At June 30, 2022, the District had $315,545,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; $57,930,000 for parks and recreational facilities; $58,170,000 for road improvements and $456,645,000 for refunding purposes.

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	$ 2,686,847	$ 2,406,900
Total expenditures	(1,676,858)	(1,697,940)
Revenues over expenditures	1,009,989	708,960
Beginning fund balance	1,287,117	2,297,106
Ending fund balance	$ 2,297,106	$ 3,006,066

Property Taxes

The District's property tax base increased approximately $88,454,000 for the 2022 tax year from $201,631,121 to $290,085,480. 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 $0.71 per $100 of assessed value, a debt service tax rate of $0.64 per $100 of assessed value and a road debt service tax rate of $0.15 for a total combined tax rate of $1.50 per $100. Tax rates for the 2021 tax year were $0.75 per $100 for maintenance and operations, $0.56 per $100 for debt service and $0.19 per $100 for road debt service, for a combined total of $1.50 per $100 of assessed value.

Basic Financial Statements

Fort Bend County Municipal Utility District No. 132
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 271,421	$ 67,793	$ 328,532	$ 667,746	$ -	$ 667,746
Investments	2,051,116	1,852,322	1,001,771	4,905,209		4,905,209
Taxes receivable	28,980	37,677		66,657		66,657
Customer service receivables, net	246,797			246,797		246,797
Internal balances	3,662	(3,662)				
Prepaid items	8,948			8,948		8,948
Builder damages receivable	7,000			7,000		7,000
Capital assets not being depreciated					5,431,928	5,431,928
Capital assets, net					24,452,626	24,452,626
Total Assets	$ 2,617,924	$ 1,954,130	$ 1,330,303	$ 5,902,357	29,884,554	35,786,911
Liabilities						
Accounts payable	$ 152,483	$ -	$ 1,249	$ 153,732		153,732
Other payables		17,142		17,142		17,142
Customer deposits	139,355			139,355		139,355
Construction advances			160,462	160,462		160,462
Accrued interest payable					230,395	230,395
Due to developers					22,004,495	22,004,495
Long-term debt						
Due within one year					700,000	700,000
Due after one year					23,980,000	23,980,000
Total Liabilities	291,838	17,142	161,711	470,691	46,914,890	47,385,581
Deferred Inflows of Resources						
Deferred property taxes	28,980	37,677		66,657	(66,657)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	8,948			8,948	(8,948)	
Restricted		1,899,311	1,168,592	3,067,903	(3,067,903)	
Unassigned	2,288,158			2,288,158	(2,288,158)	
Total Fund Balances	2,297,106	1,899,311	1,168,592	5,365,009	(5,365,009)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,617,924	$ 1,954,130	$ 1,330,303	$ 5,902,357		
Net Position						
Net investment in capital assets					(7,644,087)	(7,644,087)
Restricted for debt service					1,706,593	1,706,593
Unrestricted					(5,661,176)	(5,661,176)
Total Net Position					$ (11,598,670)	$ (11,598,670)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 132

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

For the Year Ended June 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 246,048	$ -	$ -	$ 246,048	$ -	$ 246,048
Sewer service	317,705			317,705		317,705
Property taxes	1,497,416	1,494,780		2,992,196	32,181	3,024,377
Penalties and interest	12,280	20,397		32,677	4,208	36,885
Regional water authority fees	558,605			558,605		558,605
Tap connection and inspection	42,131			42,131		42,131
Miscellaneous	8,696			8,696		8,696
Investment earnings	3,966	3,816	1,792	9,574		9,574
Total Revenues	2,686,847	1,518,993	1,792	4,207,632	36,389	4,244,021
Expenditures/Expenses						
Current service operations						
Purchased services	923,581			923,581		923,581
Professional fees	150,588		722	151,310		151,310
Contracted services	279,578	40,143		319,721		319,721
Repairs and maintenance	238,598			238,598		238,598
Utilities	47,297			47,297		47,297
Administrative	31,547	3,188		34,735		34,735
Other	5,669	3,068	1,272	10,009		10,009
Capital outlay			5,751,050	5,751,050	(5,751,050)	
Debt service						
Principal		215,000		215,000	(215,000)	
Interest and fees		572,694		572,694	53,727	626,421
Developer interest			642,409	642,409		642,409
Debt issuance costs			529,268	529,268		529,268
Depreciation/amortization					791,019	791,019
Total Expenditures/Expenses	1,676,858	834,093	6,924,721	9,435,672	(5,121,304)	4,314,368
Revenues Over/(Under) Expenditures/Expenses	1,009,989	684,900	(6,922,929)	(5,228,040)	5,157,693	(70,347)
Other Financing Sources						
Proceeds from sale of bonds			7,000,000	7,000,000	(7,000,000)	
Other Item						
Transfers to other governments					(29,616)	(29,616)
Net Change in Fund Balances	1,009,989	684,900	77,071	1,771,960	(1,771,960)	
Change in Net Position					(99,963)	(99,963)
Fund Balance/Net Position						
Beginning of the year	1,287,117	1,214,411	1,091,521	3,593,049	(15,091,756)	(11,498,707)
End of the year	$ 2,297,106	$ 1,899,311	$ 1,168,592	$ 5,365,009	$ (16,963,679)	$ (11,598,670)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 132 (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

The District was organized, created and established pursuant to Article XVI, Section 59 of the Texas Constitution, by an order of the Texas Commission on Environmental Quality, dated February 23, 2004, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on December 28, 2004, and the first bonds were issued on December 18, 2018.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities. As further discussed in Note 10, the District is responsible for the construction of certain road facilities within the District, which are conveyed to Fort Bend County for ownership and maintenance upon completion of construction. 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.

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At June 30, 2022, an allowance of $4,800 was provided for possible uncollectible water/sewer accounts. An allowance for uncollectible property taxes was not considered necessary.

Unbilled Service Revenues

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

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $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.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

Assets	Useful Life
Infrastructure	45 years
Interest in joint facilities	50 years [max]
Landscaping improvements	20 years

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

Deferred Inflows and Outflows of Financial Resources

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

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

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.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the value of unbilled utility revenues and receivables; the useful lives and impairment of capital assets; the value of amounts due to developer; the value of capital assets transferred to Fort Bend County 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		$ 5,365,009
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 33,275,298	
Less accumulated depreciation/amortization	(3,390,744)	
Change due to capital assets		29,884,554
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	(24,680,000)	
Interest payable on bonds	(230,395)	
Change due to long-term debt		(24,910,395)
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(22,004,495)
Property taxes receivable have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		66,657
Total net position - governmental activities		$ (11,598,670)

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

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

Net change in fund balance - total governmental funds		$ 1,771,960
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		36,389
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.		
Capital outlays	$ 5,751,050	
Depreciation/amortization expense	(791,019)	
		4,960,031
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	(7,000,000)	
Principal payments	215,000	
Interest expense accrual	(53,727)	
		(6,838,727)
The District conveys its roads to Fort Bend County upon completion of construction for maintenance. Since these improvements are funded by the developers, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities,* these amounts are reported as transfers to other governments.		(29,616)
Change in net position of governmental activities		$ (99,963)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) 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.

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 June 30, 2022, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexSTAR	General	$ 2,051,116		
	Debt Service	1,852,322		
	Capital Projects	1,001,771		
		$ 4,905,209	AAAm	35 days

Note 3 – Deposits and Investments (continued)

TexSTAR

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

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

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

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at June 30, 2022, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 3,662	Maintenance tax collections not remitted as of year end

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2022, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 2,709,651	$ 2,722,277	$ 5,431,928
Capital assets being depreciated/amortized			
Infrastructure	16,341,008	400,995	16,742,003
Interest in joint facilities	4,113,254		4,113,254
Landscaping improvements	6,080,047	908,066	6,988,113
	26,534,309	1,309,061	27,843,370
Less accumulated depreciation/amortization			
Infrastructure	(1,497,806)	(370,520)	(1,868,326)
Interest in joint facilities	(399,926)	(82,376)	(482,302)
Landscaping improvements	(701,993)	(338,123)	(1,040,116)
	(2,599,725)	(791,019)	(3,390,744)
Subtotal depreciable capital assets, net	23,934,584	518,042	24,452,626
Capital assets, net	$ 26,644,235	$ 3,240,319	$ 29,884,554

Depreciation/amortization expense for the current year was $791,019.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities 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 developers have 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 developers, beginning of year	$ 23,694,591
Developer reimbursements	(5,751,050)
Developer funded construction and adjustments	4,060,954
Due to developers, end of year	$ 22,004,495

Note 6 – Due to Developers (continued)

In addition, the District will owe the developers approximately $427,880, 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
South Water Plant	$ 427,880	60%

Note 7 – Construction Advances

The District has entered into financing agreements with its developers in the District for the construction of certain water, sewer, drainage, recreational and road facilities. Under the agreement, the developers advanced funds for the construction of facilities and will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. As of June 30, 2022, the District reported restricted cash in the amount of $174,697 for these projects. The balance of unexpended construction advances at year end was $160,462, which excludes liabilities to be paid from the construction advances.

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 24,680,000
Due within one year	$ 700,000

Note 8 – Long-Term Debt (continued)

The District's bonds payable at June 30, 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 Road	$ 4,710,000	$ 4,925,000	3.20% - 4.50%	September 1, 2020-2044	September 1, March 1	September 1, 2024
2019	4,895,000	5,000,000	2.00% - 4.00%	September 1, 2021-2045	September 1, March 1	September 1, 2024
2020	6,075,000	6,075,000	2.00% - 4.00%	September 1, 2022-2047	September 1, March 1	September 1, 2025
2020A Road	2,000,000	2,000,000	2.00% - 4.00%	September 1, 2022-2047	September 1, March 1	September 1, 2025
2021	7,000,000	7,000,000	2.00% - 3.00%	September 1, 2022-2047	September 1, March 1	September 1, 2027
	$ 24,680,000					

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 June 30, 2022, the District had authorized but unissued bonds in the amount of $315,545,000 for water, sewer and drainage facilities; $57,930,000 for park and recreational facilities; $58,170,000 for road improvement and $456,645,000 for refunding purposes.

On November 18, 2021, the District issued its $7,000,000 Series 2021 Unlimited Tax Bonds at a net effective interest rate of 2.598852%. Proceeds of the bonds were used to reimburse developers for the cost of land acquisitions and capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

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

Bonds payable, beginning of year	$ 17,895,000
Bonds issued	7,000,000
Bonds retired	(215,000)
Bonds payable, end of year	$ 24,680,000

Note 8 – Long-Term Debt (continued)

As of June 30, 2022, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2023	$ 700,000	$ 672,904	$ 1,372,904
2024	760,000	647,054	1,407,054
2025	770,000	622,028	1,392,028
2026	780,000	599,574	1,379,574
2027	800,000	579,814	1,379,814
2028	810,000	561,503	1,371,503
2029	820,000	542,767	1,362,767
2030	840,000	523,293	1,363,293
2031	855,000	503,043	1,358,043
2032	870,000	482,343	1,352,343
2033	890,000	460,874	1,350,874
2034	910,000	438,059	1,348,059
2035	930,000	413,710	1,343,710
2036	950,000	388,139	1,338,139
2037	970,000	361,775	1,331,775
2038	990,000	334,293	1,324,293
2039	1,015,000	305,420	1,320,420
2040	1,035,000	275,325	1,310,325
2041	1,065,000	243,992	1,308,992
2042	1,090,000	211,443	1,301,443
2043	1,115,000	177,457	1,292,457
2044	1,145,000	142,069	1,287,069
2045	1,180,000	105,161	1,285,161
2046	1,140,000	71,209	1,211,209
2047	1,125,000	42,141	1,167,141
2048	1,125,000	14,046	1,139,046
	$ 24,680,000	$ 9,719,436	$ 34,399,436

Note 9 – Property Taxes

On May 9, 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. 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.

Note 9 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of $1.50 per $100 of assessed value, of which $0.75 was allocated to maintenance and operations, $0.56 was allocated to debt service, and $0.19 was allocated to road debt service. The resulting tax levy was $3,024,467 on the adjusted taxable value of $201,631,121.

Property taxes receivable, at June 30, 2022, consisted of the following:

Current year taxes receivable	$	57,872
Prior years taxes receivable		82
		57,954
Penalty and interest receivable		8,703
Property taxes receivable	$	66,657

Note 10 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the boundaries of the District. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District. The estimated cost of each project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developers are subsequently reimbursed. For the year ended June 30, 2022, the District recorded transfers to other governments for adjustments to the value of capital assets in the amount of $29,616 for road facilities constructed by developers within the District in previous fiscal years.

Note 11 – Agreements with Fort Bend Municipal Utility District No. 133

Agreement for Joint Water Supply

On July 20, 2016, as amended on April 9, 2020, the District and Fort Bend County Municipal Utility District No. 133 ("MUD 133") entered into a Joint Water Supply Agreement for the purchase of capacity in MUD 133's water plant and to provide the terms and conditions for the operation and maintenance of the water plant. MUD 133 holds legal title to the water plant for the benefit of both districts. The term of the agreement is 50 years. Pursuant to the agreement, each district will have an undivided equitable interest in the water plant based on each districts' proportionate share of equivalent single-family connections ("ESFCs").

Each party is billed monthly for maintenance and operating costs based on each District's proportionate share in accordance with the agreement. For the year ended June 30, 2022, the District paid $603,033 to MUD 133 for joint water plant operating costs.

Note 11 – Agreements with Fort Bend Municipal Utility District No. 133 (continued)

Agreement for Joint Sewer Facilities and Road Facilities

On July 20, 2016, the District entered into an Amended and Restated Joint Facilities and Cost Sharing Agreement for financing and operation of a joint sewage treatment plant and certain road project facilities that benefit both Districts. As of the date of this agreement, MUD 133 had entered into lease agreements for Phase 1, 2 and 3 of the sewage treatment plant and agreed to the future expansion of the plant to treat an additional 375,000 gallons per day for a total capacity of 1,015,000 ("Phase 4"). MUD 133 holds legal title to the leasehold interests in the sewer plant for the benefit of both districts. The term of the agreement is 50 years. Pursuant to the agreement, each district will have an undivided equitable interest in the sewer plant based on each districts' proportionate share of capacity. On May 11, 2022, the District added the temporary use of an additional 12 ESFCs.

For the year ended June 30, 2022, the District paid $320,548 to MUD 133 for sewage treatment plant operating costs. Pursuant to the agreement, the districts also have shared responsibility for the financing of maintenance and operating costs related to certain road facilities within the districts. MUD 133 shall own any completed road facilities until accepted for ownership and maintenance by the County.

Note 12 – Risk Management

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

Note 13 – Subsequent Event

On September 8, 2022, the District approved a preliminary official statement and notice of sale for its Series 2022 Unlimited Tax Bonds in the amount of $3,700,000. The acceptance of bids and award of sale is scheduled for November 2022. Proceeds of the bonds will primarily be used to reimburse developers for amounts currently reported in "Due to developer."

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Required Supplementary Information

Fort Bend County Municipal Utility District No. 132
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	$ 300,000	$ 300,000	$ 246,048	$ (53,952)
Sewer service	240,000	280,000	317,705	37,705
Property taxes	1,350,000	1,400,000	1,497,416	97,416
Penalties and interest	8,000	10,900	12,280	1,380
Regional water authority fees	400,000	400,000	558,605	158,605
Tap connection and inspection	112,800	16,000	42,131	26,131
Miscellaneous			8,696	8,696
Investment earnings			3,966	3,966
Total Revenues	2,410,800	2,406,900	2,686,847	279,947
Expenditures				
Current service operations				
Purchased services	826,700	814,140	923,581	(109,441)
Professional fees	185,500	188,000	150,588	37,412
Contracted services	337,000	337,000	279,578	57,422
Repairs and maintenance	255,500	254,800	238,598	16,202
Utilities	45,000	48,000	47,297	703
Administrative	36,820	37,500	31,547	5,953
Other	22,500	18,500	5,669	12,831
Total Expenditures	1,709,020	1,697,940	1,676,858	21,082
Revenues Over Expenditures	701,780	708,960	1,009,989	301,029
Fund Balance				
Beginning of the year	1,287,117	1,287,117	1,287,117	
End of the year	$ 1,988,897	$ 1,996,077	$ 2,297,106	$ 301,029

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

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

[X] Retail Water	[ ] Wholesale Water	[X] 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:	$ 20.00	10,000	N	$ 2.00	10,001	to	15,000
				$ 3.00	15,001	to	20,000
				$ 4.00	20,001	to	25,000
				$ 5.00	25,001	to	no limit
Wastewater:	$ 33.80	-0-	Y			to	
Surcharge:	$ -	-0-	N	$ 4.52	1	to	no limit

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

Total charges per 10,000 gallons usage: Water $ 65.20 Wastewater $ 33.80

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"	273	273	x 1.0	273
1"	553	553	x 2.5	1,383
1.5"	4	4	x 5.0	20
2"	18	18	x 8.0	144
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	848	848		1,820
Total Wastewater	824	824	x 1.0	824

See accompanying auditor's report.

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

* Gallons purchased:	112,350,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	112,350,000	100%

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

Does the District have Debt Service standby fees? Yes [ ] No [X]

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

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

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

5. Location of District

Is the District located entirely within one county? Yes [X] No [ ]

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

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

City(ies) in which the District is located: City of Houston

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

Entirely [X] Partly [ ] Not at all [ ]

ETJs in which the District is located: City of Houston

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

If Yes, by whom? ______

* Purchased from Fort Bend County Municipal Utility District No. 133

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-2 General Fund Expenditures
For the Year Ended June 30, 2022

Purchased Services	
Joint water supply operations	$ 603,033
Joint sewer operations	320,548
	923,581
Professional fees	
Legal	94,611
Audit	12,200
Engineering	43,777
	150,588
Contracted services	
Bookkeeping	18,663
Garbage	151,293
Operator	58,509
Tap connection and inspection	51,113
	279,578
Repairs and maintenance	238,598
Utilities	47,297
Administrative	
Directors fees	6,450
Printing and office supplies	11,872
Insurance	11,397
Other	1,828
	31,547
Other	5,669
Total expenditures	$ 1,676,858

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-3. Investments
June 30, 2022

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexSTAR	Variable	N/A	$ 2,051,116
Debt Service			
TexSTAR	Variable	N/A	571,271
TexSTAR	Variable	N/A	1,281,051
			1,852,322
Capital Projects			
TexSTAR	Variable	N/A	1,001,769
TexSTAR	Variable	N/A	2
			1,001,771
Total - All Funds			$ 4,905,209

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-4. Taxes Levied and Receivable
June 30, 2022

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 14,162	$ 5,690	$ 5,921	$ 25,773
2021 Original Tax Levy	1,491,441	1,113,609	377,832	2,982,882
Adjustments	20,793	15,525	5,267	41,585
Adjusted Tax Levy	1,512,234	1,129,134	383,099	3,024,467
Total to be accounted for	1,526,396	1,134,824	389,020	3,050,240
Tax collections:				
Current year	1,483,298	1,107,528	375,769	2,966,595
Prior years	14,118	5,670	5,903	25,691
Total Collections	1,497,416	1,113,198	381,672	2,992,286
Taxes Receivable, End of Year	$ 28,980	$ 21,626	$ 7,348	$ 57,954
Taxes Receivable, By Year				
2021	$ 28,936	$ 21,606	$ 7,330	$ 57,872
2020	44	20	18	82
Taxes Receivable, End of Year	$ 28,980	$ 21,626	$ 7,348	$ 57,954

	2021	2020	2019	2018
Property Valuations:				
Land	$ 43,523,070	$ 37,356,880	$ 28,380,210	$ 19,074,830
Improvements	166,505,818	99,856,193	55,155,380	20,542,790
Personal Property	1,096,030	307,380	291,970	569,390
Exemptions	(9,493,797)	(7,559,973)	(5,711,994)	(5,664,246)
Total Property Valuations	$ 201,631,121	$ 129,960,480	$ 78,115,566	$ 34,522,764
Tax Rates per $100 Valuation:				
Maintenance tax rates *	$ 0.75	$ 0.81	$ 0.8800	$ 1.50
Debt service tax rates	0.56	0.37	0.1789	
Road debt service tax rate	0.19	0.32	0.4411	
Total Tax Rates per $100 Valuation	$ 1.50	$ 1.50	$ 1.5000	$ 1.50
Adjusted Tax Levy:	$ 3,024,467	$ 1,949,407	$ 1,171,733	$ 517,841
Percentage of Taxes Collected to Taxes Levied **	98.09%	99.99%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 9, 2015

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

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-5. Long-Term Debt Service Requirements
Series 2018 Road--by Years
June 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 115,000	$ 194,341	$ 309,341
2024	120,000	190,553	310,553
2025	125,000	186,539	311,539
2026	130,000	182,235	312,235
2027	140,000	177,575	317,575
2028	145,000	172,515	317,515
2029	150,000	167,130	317,130
2030	160,000	161,155	321,155
2031	170,000	154,555	324,555
2032	175,000	147,655	322,655
2033	185,000	140,455	325,455
2034	195,000	132,660	327,660
2035	205,000	124,260	329,260
2036	215,000	115,440	330,440
2037	225,000	106,200	331,200
2038	235,000	96,187	331,187
2039	250,000	85,275	335,275
2040	260,000	73,800	333,800
2041	275,000	61,762	336,762
2042	285,000	49,163	334,163
2043	300,000	36,000	336,000
2044	315,000	22,163	337,163
2045	335,000	7,537	342,537
	$ 4,710,000	$ 2,785,155	$ 7,495,155

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
June 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 110,000	$ 126,719	$ 236,719
2024	115,000	122,219	237,219
2025	120,000	117,519	237,519
2026	125,000	113,869	238,869
2027	135,000	111,269	246,269
2028	140,000	108,519	248,519
2029	145,000	105,669	250,669
2030	155,000	102,669	257,669
2031	160,000	99,519	259,519
2032	170,000	96,219	266,219
2033	180,000	92,606	272,606
2034	190,000	88,556	278,556
2035	200,000	84,044	284,044
2036	210,000	79,044	289,044
2037	220,000	73,669	293,669
2038	230,000	68,044	298,044
2039	240,000	62,019	302,019
2040	250,000	55,588	305,588
2041	265,000	48,824	313,824
2042	280,000	41,500	321,500
2043	290,000	33,300	323,300
2044	305,000	24,375	329,375
2045	320,000	15,000	335,000
2046	340,000	5,100	345,100
	$ 4,895,000	$ 1,875,859	$ 6,770,859

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
June 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 200,000	$ 142,282	$ 342,282
2024	200,000	134,282	334,282
2025	200,000	126,282	326,282
2026	200,000	118,282	318,282
2027	200,000	112,282	312,282
2028	200,000	108,281	308,281
2029	200,000	104,281	304,281
2030	200,000	100,281	300,281
2031	200,000	96,281	296,281
2032	200,000	92,281	292,281
2033	200,000	88,281	288,281
2034	200,000	84,281	284,281
2035	200,000	80,281	280,281
2036	200,000	76,281	276,281
2037	200,000	72,281	272,281
2038	200,000	68,281	268,281
2039	200,000	64,281	264,281
2040	200,000	60,031	260,031
2041	200,000	55,531	255,531
2042	200,000	51,031	251,031
2043	200,000	46,531	246,531
2044	200,000	42,031	242,031
2045	200,000	37,406	237,406
2046	425,000	29,984	454,984
2047	525,000	18,703	543,703
2048	525,000	6,234	531,234
	$ 6,075,000	$ 2,016,264	$ 8,091,264

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-5. Long-Term Debt Service Requirements
Series 2020A Road--by Years
June 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 75,000	$ 44,937	$ 119,937
2024	75,000	42,125	117,125
2025	75,000	40,063	115,063
2026	75,000	38,563	113,563
2027	75,000	37,063	112,063
2028	75,000	35,563	110,563
2029	75,000	34,062	109,062
2030	75,000	32,563	107,563
2031	75,000	31,063	106,063
2032	75,000	29,563	104,563
2033	75,000	28,063	103,063
2034	75,000	26,562	101,562
2035	75,000	25,062	100,062
2036	75,000	23,562	98,562
2037	75,000	22,062	97,062
2038	75,000	20,469	95,469
2039	75,000	18,782	93,782
2040	75,000	17,094	92,094
2041	75,000	15,312	90,312
2042	75,000	13,437	88,437
2043	75,000	11,563	86,563
2044	75,000	9,688	84,688
2045	75,000	7,812	82,812
2046	75,000	5,937	80,937
2047	100,000	3,750	103,750
2048	100,000	1,250	101,250
	$ 2,000,000	$ 615,970	$ 2,615,970

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
June 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 200,000	$ 164,625	$ 364,625
2024	250,000	157,875	407,875
2025	250,000	151,625	401,625
2026	250,000	146,625	396,625
2027	250,000	141,625	391,625
2028	250,000	136,625	386,625
2029	250,000	131,625	381,625
2030	250,000	126,625	376,625
2031	250,000	121,625	371,625
2032	250,000	116,625	366,625
2033	250,000	111,469	361,469
2034	250,000	106,000	356,000
2035	250,000	100,063	350,063
2036	250,000	93,812	343,812
2037	250,000	87,563	337,563
2038	250,000	81,312	331,312
2039	250,000	75,063	325,063
2040	250,000	68,812	318,812
2041	250,000	62,563	312,563
2042	250,000	56,312	306,312
2043	250,000	50,063	300,063
2044	250,000	43,812	293,812
2045	250,000	37,406	287,406
2046	300,000	30,188	330,188
2047	500,000	19,688	519,688
2048	500,000	6,562	506,562
	$ 7,000,000	$ 2,426,188	$ 9,426,188

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 132
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
June 30, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2023	$ 700,000	$ 672,904	$ 1,372,904
2024	760,000	647,054	1,407,054
2025	770,000	622,028	1,392,028
2026	780,000	599,574	1,379,574
2027	800,000	579,814	1,379,814
2028	810,000	561,503	1,371,503
2029	820,000	542,767	1,362,767
2030	840,000	523,293	1,363,293
2031	855,000	503,043	1,358,043
2032	870,000	482,343	1,352,343
2033	890,000	460,874	1,350,874
2034	910,000	438,059	1,348,059
2035	930,000	413,710	1,343,710
2036	950,000	388,139	1,338,139
2037	970,000	361,775	1,331,775
2038	990,000	334,293	1,324,293
2039	1,015,000	305,420	1,320,420
2040	1,035,000	275,325	1,310,325
2041	1,065,000	243,992	1,308,992
2042	1,090,000	211,443	1,301,443
2043	1,115,000	177,457	1,292,457
2044	1,145,000	142,069	1,287,069
2045	1,180,000	105,161	1,285,161
2046	1,140,000	71,209	1,211,209
2047	1,125,000	42,141	1,167,141
2048	1,125,000	14,046	1,139,046
	$ 24,680,000	$ 9,719,436	$ 34,399,436

See accompanying auditors' report.

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Fort Bend County Municipal Utility District No. 132
TSI-6. Change in Long-Term Bonded Debt
June 30, 2022

	Bond Issue			
	Series 2018 Road	Series 2019	Series 2020	Series 2020A Road
Interest rate	3.20% - 4.50%	2.00% - 4.00%	2.00% - 4.00%	2.00% - 4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/20 - 9/1/44	9/1/21 - 9/1/45	9/1/22 - 9/1/47	9/1/22 - 9/1/47
Beginning bonds outstanding	$ 4,820,000	$ 5,000,000	$ 6,075,000	$ 2,000,000
Bonds issued				
Bonds retired	(110,000)	(105,000)		
Ending bonds outstanding	$ 4,710,000	$ 4,895,000	$ 6,075,000	$ 2,000,000
Interest paid during fiscal year	$ 197,997	$ 131,019	$ 146,282	$ 46,437
Paying agent's name and city All Series	The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas			

Bond Authority:	Water, Sewer and Drainage Bonds	Park and Recreational Facilities	Roads	Refunding
Amount Authorized by Voters	$ 333,620,000	$ 57,930,000	$ 65,095,000	$ 456,645,000
Amount Issued	(18,075,000)		(6,925,000)	
Remaining To Be Issued	$ 315,545,000	$ 57,930,000	$ 58,170,000	$ 456,645,000

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 June 30, 2022:	$ 1,920,115
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,323,055

See accompanying auditors' report.

Bond Issue	
Series 2021	Totals
2.00% - 3.00% 9/1; 3/1 9/1/22 - 9/1/47	
$ -	$ 17,895,000
7,000,000	7,000,000
	(215,000)
$ 7,000,000	$ 24,680,000
$ 47,959	$ 569,694

Fort Bend County Municipal Utility District No. 132
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	$ 246,048	$ 220,332	$ 184,815	$ 99,887	$ 49,017
Sewer service	317,705	287,165	200,755	109,027	39,565
Property taxes	1,497,416	1,033,256	686,804	513,991	161,171
Penalties and interest	12,280	10,151	7,719	6,529	3,872
Regional water authority fees	558,605	399,241	326,507	148,521	76,702
Tap connection and inspection	42,131	475,785	373,626	181,255	154,365
Purchased water reimbursement		176,070			
Miscellaneous	8,696	6,480	7,220	2,535	3,269
Investment earnings	3,966	548	610	515	3,134
Total Revenues	2,686,847	2,609,028	1,788,056	1,062,260	491,095
Expenditures					
Current service operations					
Purchased services	923,581	775,847	807,508	478,792	212,439
Professional fees	150,588	174,313	159,075	198,406	150,653
Contracted services	279,578	518,079	408,295	289,312	171,542
Repairs and maintenance	238,598	243,564	128,070	66,041	62,017
Utilities	47,297	43,643	40,138	37,334	34,201
Administrative	31,547	33,173	28,453	24,234	19,762
Other	5,669	4,531	2,139	22,711	774
Capital outlay				69,308	
Total Expenditures	1,676,858	1,793,150	1,573,678	1,186,138	651,388
Revenues Over/(Under) Expenditures	$ 1,009,989	$ 815,878	$ 214,378	$ (123,878)	$ (160,293)
Total Active Retail Water Connections	848	833	590	338	179
Total Active Retail Wastewater Connections	824	811	575	327	173

*Percentage is negligible

**Unaudited

See accompanying auditors' report.

Percent of Fund Total Revenues				
2022	2021	2020	2019	2018
9%	8%	10%	9%	10%
12%	11%	11%	10%	8%
56%	41%	40%	49%	32%
*	*	*	1%	1%
21%	15%	18%	14%	16%
2%	18%	21%	17%	31%
	7%			
*	*	*	*	1%
*	*	*	*	1%
100%	100%	100%	100%	100%
34%	30%	45%	45%	43%
6%	7%	9%	19%	31%
10%	20%	23%	27%	35%
9%	9%	7%	6%	13%
2%	2%	2%	4%	7%
1%	1%	2%	2%	4%
*	*	*	2%	*
			7%	
62%	69%	88%	112%	133%
38%	31%	12%	(12%)	(33%)

Fort Bend County Municipal Utility District No. 132
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Four Fiscal Years

	Amounts			
	2022	2021	2020	2019
Revenues				
Property taxes	$ 1,494,780	$ 912,803	$ 479,762	$ -
Penalties and interest	20,397	12,280	6,271	
Miscellaneous		40		
Investment earnings	3,816	727	963	374
Total Revenues	1,518,993	925,850	486,996	374
Expenditures				
Tax collection services	43,331	29,043	11,508	108
Other	3,068			
Debt service				
Principal	215,000	105,000		
Interest and fees	572,694	400,917	241,664	41,203
Total Expenditures	834,093	534,960	253,172	41,311
Revenues Over/(Under) Expenditures	$ 684,900	$ 390,890	$ 233,824	$ (40,937)

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues			
2022	2021	2020	2019
99%	99%	99%	
1%	1%	1%	
	*		
*	*	*	100%
100%	100%	100%	100%
3%	3%	2%	29%
*			
14%	11%		
38%	43%	50%	11017%
55%	57%	52%	11046%
45%	43%	48%	(10,946%)

Fort Bend County Municipal Utility District No. 132
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2022

Complete District Mailing Address:	1300 Post Oak Blvd., Suite 1400, Houston, Texas 77056	
District Business Telephone Number:	(713) 623-4531	
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 26, 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				
Brian Dekle	05/20 to 05/24	$ 1,350	$ -	President
Paresha Patel	05/22 to 05/26	1,500	273	Vice President
Chris Barnett	05/22 to 05/26	1,500		Secretary
Hetal Bhavsar	05/20 to 05/24	1,200	164	Assistant Secretary
Amit Patel	05/22 to 05/26	900	127	Director
Consultants		Amounts Paid		
Schwartz, Page & Harding, L.L.P.	2015			Attorney
General legal fees		$ 99,127		
Bond counsel		185,796		
Environmental Development Partners	2016	268,458		Operator
Myrtle Cruz, Inc.	2015	21,125		Bookkeeper
Assessments of the Southwest	2015	14,701		Tax Collector
Fort Bend Central Appraisal District	Legislation	18,042		Property Valuation
Perdue, Brandon, Fielder, Collins, & Mott, LLP	2016	6,400		Delinquent Tax Attorney
Costello, Inc.	2015	49,873		Engineer
McGrath & Co., PLLC	Annual	24,375		Auditor
Masterson Advisors LLC	2018	139,285		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:

BONDS: $ in aggregate principal amount of

Policy No: -N

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