

**OFFICIAL STATEMENT DATED SEPTEMBER 18, 2023**

*IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.*

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

**NEW ISSUE - Book-Entry Only**

**Ratings: S&P Global Ratings (AGM Insured) .... "AA" (stable outlook)  
Moody's Investors Service, Inc. (AGM Insured) ... "A1" (stable outlook)  
Moody's Investors Service, Inc. (Underlying)... "Baa3" (stable outlook)  
See "BOND INSURANCE" and "RATINGS" herein**

**\$11,965,000**  
**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**(A Political Subdivision of the State of Texas located within Fort Bend County, Texas)**  
**UNLIMITED TAX BONDS, SERIES 2023**

**Dated: October 1, 2023**

**Due: September 1, as shown on  
the inside cover**

**Interest Accrual Date: Date of Delivery**

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected October 18, 2023) (the "Date of Delivery"), and is payable on March 1, 2024, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

The Bonds, including the Term Bonds, maturing on and after September 1, 2029, are subject to redemption prior to maturity at the option of Fort Bend County Municipal Utility District No. 141 (the "District"), as a whole or in part, on September 1, 2028, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner (as defined below) of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer").



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**See Maturity Schedule on the inside cover**

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The Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District have authorized a total of \$80,950,000 principal amount of bonds for the purpose of acquiring and constructing the System, \$4,680,000 principal amount of bonds for parks and recreational facilities and \$52,600,000 principal amount of bonds for refunding purposes. Following the issuance of the Bonds, \$62,355,000 principal amount of bonds for the purpose of acquiring and constructing the System, \$4,680,000 principal amount of bonds for parks and recreational facilities, and \$52,600,000 principal amount of bonds for refunding purposes will remain authorized but unissued. See "THE BONDS - Issuance of Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment." Neither the State of Texas, the City of Arcola, Texas, Fort Bend County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Arcola, Texas, or Fort Bend County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds is expected on or about October 18, 2023, at The Bank of New York Mellon Trust Company, N.A., Dallas Texas.

## MATURITY SCHEDULE

CUSIP Prefix <sup>(a)</sup>: 34680D

\$6,200,000 Serial Bonds

<u>Maturity (Due September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield <sup>(b)</sup></u>	<u>CUSIP Suffix <sup>(a)</sup></u>
2026	\$200,000	6.875%	3.85%	CH8
2027	210,000	6.875	3.85	CJ4
2028	220,000	6.875	3.85	CK1
2029 <sup>(c)</sup>	235,000	6.875	3.85	CL9
****	****			
2034 <sup>(c)</sup>	300,000	5.000	4.00	CR6
2035 <sup>(c)</sup>	320,000	5.000	4.10	CS4
2036 <sup>(c)</sup>	330,000	5.000	4.20	CT2
2037 <sup>(c)</sup>	350,000	4.375	4.48	CU9
2038 <sup>(c)</sup>	365,000	4.375	4.50	CV7
2039 <sup>(c)</sup>	385,000	4.375	4.55	CW5
2040 <sup>(c)</sup>	405,000	4.500	4.60	CX3
2041 <sup>(c)</sup>	425,000	4.500	4.65	CY1
2042 <sup>(c)</sup>	445,000	4.500	4.70	CZ8
2043 <sup>(c)</sup>	465,000	4.500	4.72	DA2
2044 <sup>(c)</sup>	490,000	4.500	4.74	DB0
2045 <sup>(c)</sup>	515,000	4.500	4.76	DC8
2046 <sup>(c)</sup>	540,000	4.625	4.77	DD6

**\$1,075,000 Term Bonds, Due September 1, 2033(c)(d), CUSIP Suffix CQ8 (a), Interest Rate 5.00% (Yield 3.95%)(b)**

**\$1,165,000 Term Bonds, Due September 1, 2048(c)(d), CUSIP Suffix DF1 (a), Interest Rate 4.75% (Yield 4.82%)(b)**

**\$1,295,000 Term Bonds, Due September 1, 2050(c)(d), CUSIP Suffix DH7 (a), Interest Rate 4.75% (Yield 4.83%)(b)**

**\$2,230,000 Term Bonds, Due September 1, 2052(c)(d), CUSIP Suffix DK0 (a), Interest Rate 4.75% (Yield 4.84%)(b)**

- (a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriter (as defined herein) take any responsibility for the accuracy of CUSIP numbers.
- (b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed.
- (c) Subject to optional redemption as described on the cover page hereof.
- (d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Redemption Provisions."

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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 representations must not be relied upon as having been authorized by the District.

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

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

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

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

Neither the District nor the Underwriter makes any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 2004, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important INVESTMENT CONSIDERATIONS and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

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 "BOND INSURANCE" and "APPENDIX C -SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (referred to herein as the "Underwriter" or the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of 97.005413% of the principal amount thereof, which resulted in a net effective interest rate of 4.870494%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

### Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. The District has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriter at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

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

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

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

### Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 2053, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be offered, sold, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

## BOND INSURANCE

### Bond Insurance Policy

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

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



## **Assured Guaranty Municipal Corp.**

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

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

### *Current Financial Strength Ratings*

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

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

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

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

### *Capitalization of AGM*

At June 30, 2023:

- The policyholders' surplus of AGM was approximately \$2,702 million.
- The contingency reserve of AGM was approximately \$894 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,089 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK") and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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



### *Incorporation of Certain Documents by Reference*

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (filed by AGL with the SEC on March 1, 2023);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 (filed by AGL with the SEC on May 10, 2023); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2023 (filed by AGL with the SEC on August 9, 2023).

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

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

### *Miscellaneous Matters*

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

### **BOND INSURANCE RISK FACTORS**

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the 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 "BOND INSURANCE" and "RATINGS" herein. As is stated in this Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," the rating of the Insurer's creditworthiness by any rating agency does not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriters of their obligation to take up and pay for the Bonds.

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 to the knowledge of the District the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

## **RATINGS**

The Bonds have been assigned an insured rating of “AA” (stable outlook) from S&P Global Ratings (“S&P”), a business unit of Standard & Poor’s Financial Services LLC, and are expected to be assigned an insured rating of “A1” (stable outlook) from Moody’s Investors Service, Inc. (“Moody’s”), based upon the issuance and delivery of the Insurance Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody’s is “Baa3” (stable outlook).

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody’s. The foregoing ratings express only the view of S&P and Moody’s at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P and Moody’s, if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P and Moody’s. See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”.

**OFFICIAL STATEMENT SUMMARY**

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

**THE BONDS**

The Issuer .....	Fort Bend County Municipal Utility District No. 141 (the “District”) is a political subdivision of the State of Texas located within Fort Bend County, Texas. See “THE DISTRICT - General.”
Description .....	\$11,965,000 Unlimited Tax Bonds, Series 2023, are dated October 1, 2023. Interest on the Bonds accrues from the Date of Delivery (as defined herein), at the rates shown on the inside cover page hereof, and is payable on March 1, 2024, and on each September 1 and March 1 thereafter until maturity or prior redemption. An aggregate of \$6,200,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2026 through 2029, both inclusive, and 2034 through 2046, both inclusive, in the principal amounts set forth on the inside cover page of this Official Statement. An aggregate of \$5,765,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2033, 2048, 2050 and 2052 (collectively, the “Term Bonds”), in the principal amounts and at the rates set forth on the inside cover page of this Official Statement. The Bonds are issued in fully registered form and will be issued in denominations of \$5,000 of principal amount or integral multiples thereof. The Bonds, including the Term Bonds, scheduled to mature on and after September 1, 2029, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2028, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. In addition to being subject to optional redemption, the Term Bonds are also subject to mandatory sinking fund redemption on September 1 in the years and in the amounts as is more completely described in this Official Statement under the caption “THE BONDS - Redemption Provisions - Mandatory Redemption.” See “THE BONDS.”
Book-Entry-Only System .....	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
Source of Payment.....	Principal of and interest on the Bonds are 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. See “THE BONDS - Source of Payment,” “TAX DATA - Tax Rate Calculations,” and “INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates.”

Use of Proceeds .....	<p>Proceeds of the sale of the Bonds will be used by the District to (i) finance the District’s costs of acquisition or construction of water, wastewater, and drainage facilities serving Glendale Lakes, Sections 2, 3 and 5; water, wastewater and drainage, force main, lift station and offsite utilities to serve Glendale Lakes Drive; Glendale Lakes, Sections 2, 3 and 5 detention; interim wastewater treatment plant expansion No. 1; Water Plant No. 1 Expansion No. 2 and treatment filtration system; lift station No. 1, and Glendale Lakes drainage and detention, Phase 2; (ii) pay engineering costs associated with the design and construction of such facilities; (iii) pay interest on advances made by the Developer(s) on behalf of the District; and (v) pay for administrative and issuance costs, legal fees, financial advisor’s fees, fees to the Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”) and the Attorney General of Texas, engineering fees, costs associated with the operation of the District, and certain financing costs related to the issuance of the Bonds. See “THE BONDS - Use and Distribution of Bond Proceeds.”</p>
Payment Record .....	<p>The Bonds constitute the third series of unlimited tax bonds issued by the District to finance water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities (collectively, the “System”). The District has previously issued its Unlimited Tax Bonds, Series 2019 (the “Series 2019 Bonds”) and Unlimited Tax Bonds, Series 2022 (the “Series 2022 Bonds”) for the purpose of acquiring and constructing the System to serve the District. Collective reference is made in this Official Statement to the District’s prior issued bonded indebtedness as the “Prior Bonds.” The District has timely paid all principal of and interest on the Prior Bonds when due. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was \$6,500,000 (collectively, the “Outstanding Bonds”), and after issuance of the Bonds, the aggregate principal amount of the District’s bonded indebtedness, including the Bonds, will be \$18,465,000.</p>
Authorized But Unissued Bonds .....	<p>\$62,355,000 for waterworks, wastewater, and drainage facilities (after issuance of the Bonds), \$4,680,000 for parks and recreational facilities, and \$52,600,000 for refunding purposes. See “THE BONDS - Issuance of Additional Debt.” In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future.</p>
Municipal Bond Insurance .....	<p>Assured Guaranty Municipal Corp. (“AGM” or the “Insurer”). See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”</p>
Municipal Bond Ratings.....	<p>S&amp;P Global Ratings (AGM Insured) “AA” (stable outlook). Moody’s Investors Services, Inc. (AGM Insured) “A1” (stable outlook). Moody’s Investors Services, Inc. (Underlying) “Baa3” (stable outlook). See “BOND INSURANCE,” “BOND INSURANCE RISK FACTORS” and “RATINGS.”</p>
Bond Counsel .....	<p>Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS” and “TAX MATTERS.”</p>

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

**Not** Qualified Tax-Exempt Obligations..... The Bonds are **not** “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

**THE DISTRICT**

Description ..... The District is a political subdivision of the State of Texas, created by Order of the TCEQ on December 12, 2003. At creation, the District contained approximately 133.00 total acres of land. There have been four annexations: August 17, 2009 (approximately 65 total acres of land), December 16, 2019 (approximately 80.45 total acres of land), October 19, 2020 (approximately 90.31 total acres of land), and April 19, 2021 (approximately 96.53 total acres of land), resulting in the District’s current total acreage of approximately 465.29 total acres of land. The District is located entirely within Fort Bend County, and entirely within the extraterritorial jurisdiction of the City of Arcola, Texas (the “City”). The District is bounded on the west by FM 521 and on the north by South Pine Street. The District lies within the Fort Bend Independent School District. See “THE DISTRICT - General” and - “Description,” and “APPENDIX A - LOCATION MAP.”

Authority ..... The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT - General.”

Development and Home Construction ..... As of August 1, 2023, the District contained 933 homes, including 62 homes under construction. See “BUILDERS.” According to the District’s Engineer, underground water distribution, wastewater collection, and storm sewer facilities, detention facilities and street paving have been completed to serve 962 single family residential lots located in Glendale Lakes, Sections 1 through 10, 12 and 13 (approximately 180.714 total acres) in the District as is delineated in the chart that appears under the caption “DEVELOPMENT AND HOME CONSTRUCTION.” In addition, as is also delineated in such chart, 205 additional single family residential lots (approximately 60.000 total acres) are currently under development as Glendale Lakes, Section 11, with completion expected in approximately January 2024. A water supply plant and a wastewater treatment plant have been constructed to provide service to the District.

Saratoga Homes of Texas Houston LLC (“Saratoga Homes”) has completed construction of 404 single-family homes in Glendale Lakes, Sections 1, 2, 3, 5, 6 and 9, and will construct homes in Glendale Lakes, Section 11 upon its completion of the development thereof. KB Home (“KB Home”) is currently constructing homes in Glendale Lakes, Section 12. Meritage Homes of Texas, LLC (“Meritage Homes”) has completed construction of 275 single-family homes in Glendale Lakes, Sections 7 and 8, and is currently constructing homes in Glendale Lakes, Section 13. See “DEVELOPERS” and “BUILDERS.”

The Fort Bend Independent School District owns a total of approximately 77.24 acres located within the District on which it has constructed the Heritage Rose Elementary School. All of such land and improvements owned by the Fort Bend Independent School District is exempt from taxation by the District.

Approximately 86.003 total acres of undeveloped land located within the District that are available for future development are owned by Hannover Estates, Ltd. Approximately 8.331 total acres of undeveloped land in the District are owned by Hannover Estates, Ltd. and JNC Development, Inc. (“JNC”). Neither of the other aforementioned parties have reported any definitive development plan to the District covering any of such land, and thus the District cannot represent when, or whether, the development thereof might be undertaken.

The balance of the land located in the District is contained within easements, rights of way, detention ponds, or is otherwise not available for future development. See “DEVELOPERS,” “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2022 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Developers.....

The developers of the District are Skymark Development Company, Inc. (“Skymark”), JNC Development, Inc. (“JNC”), Glendale Forest, LLC (“Glendale Forest”), Hannover Estates, Ltd. (“Hannover”), Meritage Homes of Texas, LLC (“Meritage Homes”), Saratoga Homes of Texas Houston, LLC (“Saratoga Homes”) and KB Home Lone Star, Inc. (“KB Home”) collectively, the “Developers.”

Skymark has constructed a water supply plant and expansion thereto, a wastewater treatment plant and two expansions thereto, and detention facilities to serve the District. Skymark has also constructed underground water distribution, wastewater collection and storm sewer facilities and street paving to serve (i) the Heritage Rose Elementary School, and (ii) Glendale Lakes, Section 4 (6 single-family residential lots, approximately 1.199 acres), Glendale Lakes, Section 6 (41 single-family residential lots, approximately 7.561 acres), and Glendale Lakes, Section 7 (153 single-family residential lots, approximately 28.280 acres) within the District. Saratoga Homes has completed construction of 26 homes, including 1 model, in Glendale Lakes, Section 6. Meritage Homes has constructed 153 homes in Glendale Lakes, Section 7, and 122 homes in Glendale Lakes, Section 8, and is constructing homes in Glendale Lakes, Section 13 as is described below. Skymark is reserving Glendale Lakes, Section 4 (6 lots) and Glendale Lakes, Section 6 (15 lots) for



future home builder model home lots. KB Home (“KB Home”) is currently constructing homes in Glendale Lakes, Section 12 as is described below. Skymark has sold one Glendale Lakes, Section 6 lot to JNC for the purpose of constructing a model home. JNC conveyed this lot in Glendale Lakes, Section 6 to Saratoga Homes, which is an affiliate of JNC, to construct the model home as is described below. Hannover, an entity related to Skymark, owns approximately 86.003 acres of currently undeveloped land located within the District that are available for future development. The District cannot represent whether, or when, the development of such currently undeveloped acres might occur. See “DEVELOPMENT AND HOME CONSTRUCTION.”

Skymark sold approximately 57.9 acres of undeveloped land located within the District to JNC. JNC has completed the development of 217 single family residential lots (on approximately 39.962 acres) that have been developed as Glendale Lakes, Sections 1, 2 and 5. Saratoga Homes has completed construction of 404 homes in Glendale Lakes, Sections 1, 2, 3, 5, 6 and 9, and will construct homes in Section 11 upon the completion of the development thereof. In October 2018, JNC conveyed approximately 17.934 acres of undeveloped land located in the District to a related entity, Glendale Forest. Glendale Forest developed the approximately 17.934 acres of land into Glendale Lakes, Section 3 (94 single-family residential lots), of which, Glendale Forest sold 48 lots to JNC/Saratoga Homes and 46 lots to Colina Homes, on which 94 homes have been constructed. JNC conveyed approximately 60.000 acres of undeveloped land located in the District to a related entity, Glendale Acres, LLC. Glendale Acres, LLC is currently developing the approximately 60.000 acres of land into Glendale Lakes, Section 1 (205 single-family residential lots), which lots will be sold to Saratoga Homes for home construction. See “DEVELOPMENT AND HOME CONSTRUCTION.” In May 2019, JNC purchased one lot in Glendale Lakes, Section 6 from Skymark for the purpose of constructing a model home. JNC conveyed this lot in Glendale Lakes, Section 6 to Saratoga Homes to construct the model home. JNC, along with Hannover, owns approximately 8.331 total acres of undeveloped land within the District. However, the District cannot represent whether, or when, the development of such currently undeveloped acres might occur or be completed. None of the other aforementioned parties has reported any definitive development plan to the District covering any of such land, and thus the District cannot represent when, or whether, the development thereof might be undertaken. See “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2022 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

Builders .....

Saratoga Homes will construct homes in Glendale Lakes, Section 11 upon the completion of the development thereof. Saratoga Homes may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

KB Home is currently constructing homes in Glendale Lakes, Section 12 which range in size from approximately 1,234 to 2,596 square feet of living area and in sales price from approximately \$240,995 to \$317,995. KB Home may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely



within its discretion, or may suspend home construction activity entirely.

Meritage Homes is currently constructing homes in Glendale Lakes, Section 13 which range in size from approximately 1,477 to 2,844 square feet of living area and in sales price from approximately \$302,565 to \$371,620. Meritage Homes may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

Collective reference is made in this Official Statement to Saratoga Homes, Meritage Homes and KB Home as the "Builders."

### **INVESTMENT CONSIDERATIONS**

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS."

**SELECTED FINANCIAL INFORMATION  
(UNAUDITED)**

2023 Assessed Valuation..... (As of January 1, 2023) See "TAX DATA" and "TAXING PROCEDURES"	\$ 248,783,671 (a)
Estimated Valuation at May 1, 2023 ..... See "TAX DATA" and "TAXING PROCEDURES"	\$ 253,172,206 (b)
Direct Debt:	
Outstanding Bonds.....	\$ 6,500,000
The Bonds.....	<u>11,965,000</u>
Total.....	\$ 18,465,000 (c)
Estimated Overlapping Debt.....	\$ <u>10,940,113</u>
Total Direct and Estimated Overlapping Debt.....	\$ 29,405,113 (c)
Direct Debt Ratios	
: as a percentage of 2023 Assessed Valuation.....	7.42 %
: as a percentage of Estimated Valuation at May 1, 2023 .....	7.29 %
Direct and Estimated Overlapping Debt Ratios	
: as a percentage of 2023 Assessed Valuation.....	11.82 %
: as a percentage of Estimated Valuation at May 1, 2023 .....	11.61 %
Debt Service Fund Balance Estimated as of the Date of Delivery .....	\$ 1,042,840 (d)
General Fund Balance as of July 21, 2023 .....	\$ 1,386,835
2022 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$0.64
Maintenance Tax.....	<u>0.63</u>
Total.....	\$ 1.27 (e)(f)
Average Percentage of Total Tax Collections (2014-2021) (As of July 31, 2023).....	100.00 %
Percentage of 2022 Tax Collections (As of July 31, 2023).....	99.44 %
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2052) .....	\$ 1,146,595
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2052).....	\$ 1,199,388
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2052) at 95% Tax Collections	
Based Upon 2023 Assessed Valuation .....	\$ 0.49
Based Upon Estimated Valuation at May 1, 2023.....	\$ 0.48

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual  
Debt Service Requirements on the Bonds and the Outstanding Bonds  
(2052) at 95% Tax Collections

Based Upon 2023 Assessed Valuation .....	\$	0.51
Based Upon Estimated Valuation at May 1, 2023.....	\$	0.50

Number of Single Family Residences as of August 1, 2023 (including 62 residences under construction) .....	933
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- (a) As of January 1, 2023, and comprises the District’s 2023 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the “Appraisal District”) at 100% of assessed valuation as of January 1 of each year. The District’s tax roll is certified by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”). Such sum includes an uncertified component of \$15,271,682, which is included in the amount of \$248,783,671. The District’s ultimate 2023 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Board, and thus may vary from such sum of \$248,783,671. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAXING PROCEDURES.”
- (b) Provided by the Appraisal District for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of May 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2023, through April 30, 2023. The ultimate Assessed Valuation of any land and improvements added from January 1, 2023, through April 30, 2023, which will be placed on the District’s 2024 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2024.
- (c) See “DISTRICT DEBT.” In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt,” “INVESTMENT CONSIDERATIONS - Future Debt” and “FUTURE DEVELOPMENT.”
- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due in 2023. The initial payment on the Bonds, consisting of an interest payment thereon, is due March 1, 2024.
- (e) The District levied a total tax rate of \$1.27 per \$100 of Assessed Valuation for 2022, consisting of debt service and maintenance tax components of \$0.64 and \$0.63 per \$100 of Assessed Valuation, respectively. As is enumerated in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2022 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District’s 2022 tax rate, is \$2.9558 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAXING PROCEDURES.”
- (f) The District has published notice of a public hearing regarding its intent to levy a total tax rate of \$1.05 per \$100 of Assessed Valuation for 2023, consisting of debt service and maintenance tax components of \$0.65 and \$0.40 per \$100 of Assessed Valuation, respectively. The District expects such tax levy to be approved on September 18, 2023.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
UNLIMITED TAX BONDS  
SERIES 2023**

**INTRODUCTION**

This Official Statement provides certain information with respect to the issuance by Fort Bend County Municipal Utility District No. 141 (the “District”) of its \$11,965,000 Unlimited Tax Bonds, Series 2023 (the “Bonds”).

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request and payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

**THE BONDS**

**General**

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the resolution (the “Bond Resolution”) of the Board of Directors of the District (the “Board”) authorizing the issuance of the Bonds. A copy of the Bond Resolution may be obtained from the District upon written request made to the District’s Financial Advisor, Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024.

The Bonds are dated October 1, 2023. Interest accrues from the date of initial delivery (the “Date of Delivery”), at the rates shown on the inside cover page hereof, and is payable on March 1, 2024, and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. An aggregate of \$6,200,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2026 through 2029, both inclusive, and 2034 through 2046, both inclusive, in the principal amounts set forth on the inside cover page of this Official Statement. An aggregate of \$5,765,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2033, 2048, 2050 and 2052 (collectively, the “Term Bonds”), in the principal amounts and at the rates set forth on the inside cover page of this Official Statement. The Bonds are issued in fully registered form and will be issued in denominations of \$5,000 of principal amount or integral multiples thereof. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrar (the “Paying Agent,” “Registrar” or “Paying Agent/Registrar”).

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

**Use of Certain Terms in Other Sections of this Official Statement**

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

## Book-Entry-Only System

*This section describes how ownership of the Bonds is to be transferred and how the principal of 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 takes 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, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 2004. 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 S&P Global rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

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

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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

### **Assignments, Transfers and Exchanges**

In the event DTC's book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the Initial Purchaser, any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.



## 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*

The Term Bonds maturing on September 1 in each of the years 2033, 2048, 2050 and 2052 shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on September 1 in each of the years and in the principal amounts 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).

<b>\$1,075,000 Term Bonds Maturing on September 1, 2033</b>	
<b><u>Mandatory Redemption Dates</u></b>	<b><u>Principal Amount</u></b>
September 1, 2030	\$250,000
September 1, 2031	260,000
September 1, 2032	275,000
September 1, 2033 (maturity)	290,000

<b>\$1,165,000 Term Bonds Maturing on September 1, 2048</b>	
<b><u>Mandatory Redemption Dates</u></b>	<b><u>Principal Amount</u></b>
September 1, 2047	\$570,000
September 1, 2048 (maturity)	595,000

<b>\$1,295,000 Term Bonds Maturing on September 1, 2050</b>	
<b><u>Mandatory Redemption Dates</u></b>	<b><u>Principal Amount</u></b>
September 1, 2049	\$630,000
September 1, 2050 (maturity)	665,000

<b>\$2,230,000 Term Bonds Maturing on September 1, 2052</b>	
<b><u>Mandatory Redemption Dates</u></b>	<b><u>Principal Amount</u></b>
September 1, 2051	\$1,085,000
September 1, 2052 (maturity)	1,145,000

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



### *Optional Redemption*

The District reserves the right, at its option, to redeem the outstanding amounts of the Bonds, including the Term Bonds, maturing on and after September 1, 2029, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2028, 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 optionally redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by DTC in accordance with its procedures, so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK- ENTRY-ONLY SYSTEM." If fewer than all of the Term Bonds of a maturity are to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts of such maturity to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the date fixed for redemption, in the manner specified in the Bond Resolution.

### *Effects of Redemption*

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

### **Replacement of Registrar**

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

### **Payment Record**

The Bonds constitute the third series of unlimited tax bonds issued by the District to finance water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities (collectively, the "System"). The District has previously issued its Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds") and Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds") for the purpose of acquiring and constructing the System to serve the District. Collective reference is made in this Official Statement to the District's prior issued bonded indebtedness as the "Prior Bonds." The District has timely paid all principal of and interest on the Prior Bonds when due. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was \$6,500,000 (collectively, the "Outstanding Bonds"), and after issuance of the Bonds, the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be \$18,465,000.

### **Authority for Issuance**

At an election held within the District on November 2, 2004, voters of the District authorized a total of \$80,950,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the "System"). The Bonds constitute the third issuance of bonds from such authorization. The Bonds are issued pursuant to the Bond Resolution, elections held within the District, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1204, Texas Government Code, as amended, and Article XVI, Section 59 of the Texas Constitution. Issuance of the Bonds has been further authorized by an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission").

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

## **Source of Payment**

The Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collection, and Paying Agent/Registrar fees. Such proceeds, after deduction for collection costs, will be placed in the District's Debt Service Fund and used solely to pay principal of and interest on the Bonds, and on additional bonds payable from taxes which may hereafter be issued, and Paying Agent/Registrar fees.

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

## **Issuance of Additional Debt**

The District may issue additional bonds with the approval of the TCEQ (other than refunding bonds), necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$80,950,000 unlimited tax bonds for construction of the System, and could authorize additional amounts. Following the issuance of the Bonds, \$62,355,000 unlimited tax bonds will remain authorized but unissued for construction of the System. The District's voters also have authorized \$4,680,000 in unlimited tax bonds for parks and recreational facilities, all of which remain unissued, and could authorize additional amounts. The District's voters have authorized \$52,600,000 in unlimited tax bonds for refunding purposes, all of which remains unissued, and could authorize additional amounts. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ.) In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "Use and Distribution of Bond Proceeds" below and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

Based on present engineering cost estimates and on development plans supplied by the Developers (hereinafter defined), in the opinion of the District's consulting engineer, R.G. Miller Engineers, Inc. (the "Engineer"), the \$62,355,000 authorized but unissued bonds for water, sewer and drainage facilities will be adequate to finance the extension of water, wastewater and storm drainage/detention facilities and services to serve all of the remaining undeveloped portions of the District. See "DEVELOPMENT OF THE DISTRICT," "FUTURE DEVELOPMENT," and "THE SYSTEM."

The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park plan and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District. On November 2, 2004, the District authorized \$4,680,000 in bonds for parks and recreational facilities.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

## **Financing Road Facilities**

Pursuant to Chapter 54 of the Texas Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads under the authority of Article III, Section 52 of the Texas Constitution. Before the District could issue such bonds, the District would be required to: (i) obtain consent from the City of Arcola; (ii) receive a grant of such power from the TCEQ; (iii) receive authorization from the District's voters to issue such bonds; and (iv) receive approval of the bonds by the Attorney General of Texas. The District has considered filing an application to the TCEQ for road powers, but first will request the City of Arcola's consent to construct roads and have the authority to issue road bonds. The District has not submitted such a request to the City of Arcola at this time. Issuance of bonds for roads could dilute the investment security for the Bonds.

## **No Arbitrage**

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

## **Annexation and Consolidation**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Arcola, Texas, (the "City") the District must conform to the City's consent ordinance. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation.

If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City is a policy making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

The District may annex additional land into its boundaries, provided consent from the City of Arcola is obtained and the District adopts an Order Adding Land.

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

## **Strategic Partnership**

The District has entered into a strategic partnership agreement ("SPA") with the City that provides for the annexation into the City of an approximately 8 acre tract of land within the District for limited purposes for the imposition of the City's Sales and Use Tax. The SPA sets forth certain conditions related to the issuance of bonds by the District for the purpose

of purchasing and constructing, or purchasing, or constructing under contract with the City, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, and drainage facilities, or parts of such systems or facilities, and to make any and all necessary purchases, construction, improvements, extensions, additions, and major repairs thereto, and to purchase or acquire all necessary land, right of way, easements, sites, equipment, buildings, plants, structures, and facilities therefor. The SPA states that no land will be added or annexed into the District until the City has given its written consent. The SPA entered into with the City expires forty years from its effective date on December 15, 2004. The SPA does not specify procedures for full purpose annexation of all or a portion of the District by the City.

### **Registered Owners' Remedies**

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

Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. In addition, any legal action taken to seek any such remedies may be limited by the doctrine of sovereign immunity. 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. Even if the Registered Owners could obtain a judgment against the District, such judgment cannot be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below and "INVESTMENT CONSIDERATIONS - Registered Owners' Remedies and Bankruptcy."

### **Bankruptcy Limitation to Registered Owners' Rights**

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that 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.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

### **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.

### **Defeasance**

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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) non-callable 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 Resolution.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm



banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Resolution does 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 of those currently permitted under Texas law.

## Use and Distribution of Bond Proceeds

Proceeds of the sale of the Bonds will be used by the District to (i) finance the District's costs of acquisition or construction of water, wastewater, and drainage facilities serving Glendale Lakes, Sections 2, 3 and 5; water, wastewater and drainage, force main, lift station and offsite utilities to serve Glendale Lakes Drive; Glendale Lakes, Sections 2, 3 and 5 detention; interim wastewater treatment plant expansion No. 1; Water Plant No. 1 Expansion No. 2 and treatment filtration system; lift station No. 1, and Glendale Lakes drainage and detention, Phase 2; (ii) pay engineering costs associated with the design and construction of such facilities; (iii) pay interest on advances made by the Developer(s) on behalf of the District; and (v) pay for administrative and issuance costs, legal fees, financial advisor's fees, fees to the TCEQ and the Attorney General of Texas, engineering fees, costs associated with the operation of the District, and certain financing costs related to the issuance of the Bonds.

### I. Construction Costs

### District's Share

#### A. Developer Contribution Items

1.	Glendale Lakes, Section 1 Water, Wastewater & Drainage and Force Main	\$627,697
2.	Glendale Lakes, Section 2 Detention	237,418
3.	Glendale Lakes, Section 2 Water, Wastewater & Drainage	477,579
4.	Glendale Lakes, Sections 3 and 5 Detention	1,130,390
5.	Glendale Lakes, Sections 3 and 5 Water, Wastewater & Drainage	111,914
6.	Interim Wastewater Treatment Plant Expansion No. 1	1,965,811
7.	Water Plant No. 1 Expansion No. 2	2,147,172
8.	Lift Station No. 1	247,330
9.	Glendale Lakes Drive Offsite Utilities	235,512
10.	Glendale Lakes Drive Offsite Utilities	318,299
11.	Engineering and Geotechnical Fees	<u>974,959</u>

Total Developer Contribution Items	\$8,474,081
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#### B. District Items

1.	Water Plant No. 1 Treatment Filtration System	<u>\$1,000,000</u>
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TOTAL CONSTRUCTION COSTS	\$9,474,081
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Less Use of Surplus Funds	<u>(\$150,000)</u>
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NET TOTAL CONSTRUCTION COSTS	\$9,324,081
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## II. Non-Construction Costs

A. Legal Fees	\$279,300
B. Fiscal Advisor Fees	239,300
C. Interest	
1. Developer Interest <sup>(a)</sup>	1,466,828
D. Operating Costs	135,817
E. Bond Discount	358,303
F. Bond Issuance Expenses	39,312
G. Bond Application Report Costs	82,000
H. Attorney General's Fee	9,500
I. TCEQ Fee	29,912
J. Contingency <sup>(b)</sup>	<u>647</u>
<b>TOTAL NON-CONSTRUCTION COSTS</b>	<b><u>\$2,640,919</u></b>
<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b><u>\$11,965,000</u></b>

(a) Represents interest owed to the Developer(s) on advances made on the District's behalf. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the Developer(s) borrowed funds.

(b) The TCEQ directed that any surplus funds resulting from the sale of bonds at a lower interest rate than proposed shall be shown as a contingency line item. The use of these funds is subject to the TCEQ rules.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to reimburse the District and the Developers for the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

## THE DISTRICT

### General

The District is a political subdivision of the State of Texas, created by Order of the TCEQ on December 12, 2003. The District operates pursuant to Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended.

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; the control and diversion of storm water and the provision of parks and recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct all of such facilities. The District is also empowered to construct, acquire, improve, maintain, or operate roads and improvements in aid thereof, after consent from the City of Arcola and approval of road powers by the TCEQ. The District would not be authorized to issue road bonds without authorization by the voters of the District and approval of the Attorney General. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent of the City of Arcola (the "City") for creation of the District, within whose extraterritorial jurisdiction the District lies, the District has agreed to observe certain City requirements. These requirements, among others, require approval by the City of District construction plans.



## Description

At creation, the District contained approximately 133.00 total acres of land. There have been four annexations: August 17, 2009 (approximately 65 total acres of land), December 16, 2019 (approximately 80.45 total acres of land), October 19, 2020 (approximately 90.31 total acres of land), and April 19, 2021 (approximately 96.53 total acres of land), resulting in the District's current total acreage of approximately 465.29 total acres of land. The District is located entirely within Fort Bend County, and entirely within the extraterritorial jurisdiction of the City of Arcola, Texas (the "City"). The District is bounded on the west by FM 521 and on the north by South Pine Street. The District lies within the Fort Bend Independent School District. See "APPENDIX A - LOCATION MAP."

## Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. All of the Directors own property in the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below.

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Barbara T. Dexter	President	2024
Carol Junell	Vice President	2024
Joan Haley	Assistant Vice President	2026
Nancy Cobb	Secretary	2024
Rebecca Kidd	Assistant Secretary	2026

The District does not have a general manager or any other employee, but has contracted for services, as follows.

*Tax Assessor/Collector* - The District has engaged Assessments of the Southwest, Inc., Friendswood, Texas, as the District's Tax Assessor/Collector. According to Assessments of the Southwest, Inc., it currently serves approximately 204 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Fort Bend Central Appraisal District and bills and collects such levy.

*Consulting Engineers* - The District has engaged the firm of R.G. Miller Engineers, Inc., Houston, Texas, as consulting engineer to the District.

*Bookkeeper* - The District has engaged Myrtle Cruz, Inc. as the District's Bookkeeper. According to Myrtle Cruz, Inc., it currently serves approximately 359 districts as bookkeeper.

*District Operator* - Municipal Operations & Consulting, Inc. is the general operator of the District's System. According to Municipal Operations and Consulting, Inc., it is currently employed as operator for approximately 92 utility districts including the District.

*Auditor* - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audits are filed with the TCEQ. The District's auditor for the 2021 fiscal year is McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, Houston, Texas. A copy of the District's audit for the fiscal year ended June 30, 2022, is included as "APPENDIX B" to this Official Statement.

*Bond Counsel and General Counsel* - Allen Boone Humphries Robinson LLP, Houston, Texas ("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, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

*Disclosure Counsel* - McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

*Financial Advisor* - The District has engaged Rathmann & Associates, L.P., as financial advisor (the “Financial Advisor”) to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”). Rathmann & Associates, L.P.’s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.’s SEC registration Forms MA and MA-1’s, which constitute Rathmann & Associates, L.P.’s registration filings, may be accessed through [http://www.sec.gov/edgar/searchedgar/company\\_search.html](http://www.sec.gov/edgar/searchedgar/company_search.html).

## **DEVELOPMENT AND HOME CONSTRUCTION**

As of August 1, 2023, the District contained 933 homes, including 62 homes under construction. See “BUILDERS.” According to the District’s Engineer, underground water distribution, wastewater collection, and storm sewer facilities, detention facilities and street paving have been completed to serve 962 single family residential lots located in Glendale Lakes, Sections 1 through 10, 12 and 13 (approximately 180.714 total acres) in the District as is delineated in the chart that appears below. In addition, as is also delineated in such chart, 205 additional single family residential lots (approximately 60.000 total acres) are currently under development as Glendale Lakes, Section 11, with completion expected in approximately January 2024. A water supply plant and a wastewater treatment plant have been constructed to provide service to the District.

Saratoga Homes of Texas Houston LLC (“Saratoga Homes”) has completed construction of 404 single-family homes in Glendale Lakes, Sections 1, 2, 3, 5, 6 and 9, and will construct homes in Glendale Lakes, Section 11 upon its completion of the development thereof. KB Home (“KB Home”) is currently constructing homes in Glendale Lakes, Section 12 as is described below. Meritage Homes of Texas, LLC (“Meritage Homes”) has completed construction of 275 single-family homes in Glendale Lakes, Sections 7 and 8, and is currently constructing homes in Glendale Lakes, Section 13 as is described below. See “DEVELOPERS” and “BUILDERS.”

The Fort Bend Independent School District owns a total of approximately 77.24 acres located within the District on which it has constructed the Heritage Rose Elementary School. All of such land and improvements owned by the Fort Bend Independent School District is exempt from taxation by the District.

Approximately 86.003 total acres of undeveloped land located within the District that are available for future development are owned by Hannover Estates, Ltd. Approximately 8.331 total acres of undeveloped land in the District are owned by Hannover Estates, Ltd. and JNC Development, Inc. (“JNC”). Neither of the other aforementioned parties have reported any definitive development plan to the District covering any of such land, and thus the District cannot represent when, or whether, the development thereof might be undertaken.

The balance of the land located in the District is contained within easements, rights of way, detention ponds, or is otherwise not available for future development. See “DEVELOPERS,” “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2022 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt,” “FUTURE DEVELOPMENT” and “INVESTMENT CONSIDERATIONS - Future Debt.”

As of August 1, 2023, the status of lot development and home construction in the District was as follows:

Subdivision	LOTS				HOMES					Totals
	Developed	Acres	Under Development		Under Construction		Completed		Models	
			Acres		Sold*	Unsold	Sold*	Unsold		
Glendale Lakes										
Section 1	85	16.001			0	0	85	0	0	85
Section 2	60	11.142			0	0	60	0	0	60
Section 3	94	17.934			0	0	94	0	0	94
Section 4	6	1.199			0	0	0	0	1	1
Section 5	72	12.819			0	0	72	0	0	72
Section 6	41	7.561			0	0	26	0	0	26
Section 7	153	28.280			0	0	153	0	0	153
Section 8	122	24.976			0	0	122	0	0	122
Section 9	112	20.000			0	0	112	0	0	112
Section 10	71	13.395			0	0	70	1	0	71
Section 11			205	60.000	0	0	0	0	0	0
Section 12	77	14.092			29	23	20	5	0	77
Section 13	69	13.315			5	5	50	0	0	60
Totals	962	180.714	205	60.000	34	28	864	6	1	933

\* Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application, approval and inspection. See “BUILDERS.”

## DEVELOPERS

### General

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be emplaced in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of emplacing certain of the water, wastewater and drainage facilities in the municipal utility district pursuant to the rules of the TCEQ. The District requested an exemption from such developer participation requirement with respect to certain facilities that were financed with portions of the proceeds of the sale of the Prior Bonds, and that are being financed with portions of the proceeds of the sale of the Bonds, on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Orders authorizing the District to issue the Prior Bonds and the Bonds. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on the developer’s right to sell any or all of the land which the developer owns within a district. See “FUTURE DEVELOPMENT” below.

### Description of the Developers

The developers of the District are Skymark Development Company, Inc. (“Skymark”), JNC Development Inc. (“JNC”), Glendale Forest, LLC (“Glendale Forest”), Hannover Estates, Ltd. (“Hannover”), Meritage Homes of Texas, LLC (“Meritage Homes”), Saratoga Homes of Texas Houston LLC (“Saratoga Homes”) and KB Home Lone Star, Inc. (“KB Home”) collectively, the “Developers.”

Skymark has constructed a water supply plant and expansion thereto, a wastewater treatment plant and two expansions thereto, and detention facilities to serve the District. Skymark has also constructed underground water distribution, wastewater collection and storm sewer facilities and street paving to serve (i) the Heritage Rose Elementary School, and (ii) Glendale Lakes, Section 4 (6 single-family residential lots, approximately 1.199 acres), Glendale Lakes, Section 6 (41 single-family residential lots, approximately 7.561 acres), and Glendale Lakes, Section 7 (153 single-family residential lots, approximately 28.280 acres) within the District. Saratoga Homes has completed construction of 26 homes, including 1 model, in Glendale Lakes, Section 6. Meritage Homes has constructed 153 homes in Glendale Lakes, Section 7, and 122 homes in Glendale Lakes, Section 8, and is constructing homes in Glendale Lakes, Section 13 as is described below. Skymark is reserving Glendale Lakes, Section 4 (6 lots) and Glendale Lakes, Section 6 (15 lots) for future home builder model home lots. KB Home (“KB Home”) is currently constructing homes in Glendale Lakes, Section 12 as is described below. Skymark has sold one Glendale Lakes, Section 6 lot to JNC for the purpose of constructing a model home. JNC conveyed this lot in Glendale Lakes, Section 6 to Saratoga Homes, which is an affiliate of JNC, to construct the model home as is described below. Hannover, an entity related to Skymark, owns approximately 86.003 acres of currently undeveloped land located within the District that are available for future development. The District cannot represent whether, or when, the development of such currently undeveloped acres might occur. See “DEVELOPMENT AND HOME CONSTRUCTION.”

Skymark sold approximately 57.9 acres of undeveloped land located within the District to JNC. JNC has completed the development of 217 single family residential lots (on approximately 39.962 acres) that have been developed as Glendale Lakes, Sections 1, 2 and 5. Saratoga Homes has completed construction of 404 homes in Glendale Lakes, Sections 1, 2, 3, 5, 6 and 9, and will construct homes in Section 11 upon the completion of the development thereof. In October 2018, JNC conveyed approximately 17.934 acres of undeveloped land located in the District to a related entity, Glendale Forest. Glendale Forest developed the approximately 17.934 acres of land into Glendale Lakes, Section 3 (94 single-family residential lots), of which, Glendale Forest sold 48 lots to JNC/Saratoga Homes and 46 lots to Colina Homes, on which 94 homes have been constructed. JNC conveyed approximately 60.000 acres of undeveloped land located in the District to a related entity, Glendale Acres, LLC. Glendale Acres, LLC is currently developing the approximately 60.000 acres of land into Glendale Lakes, Section 1 (205 single-family residential lots), which lots will be sold to Saratoga Homes for home construction. See “DEVELOPMENT AND HOME CONSTRUCTION.” In May 2019, JNC purchased one lot in Glendale Lakes, Section 6 from Skymark for the purpose of constructing a model home. JNC conveyed this lot in Glendale Lakes, Section 6 to Saratoga Homes to construct the model home. JNC, along with Hannover, owns approximately 8.331 total acres of undeveloped land within the District. However, the District cannot represent whether, or when, the development of such currently undeveloped acres might occur or be completed. None of the other aforementioned parties has reported any definitive development plan to the District covering any of such land, and thus the District cannot represent when, or whether, the development thereof might be undertaken. See “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2022 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

## **BUILDERS**

Saratoga Homes will construct homes in Glendale Lakes, Section 11 upon the completion of the development thereof. Saratoga Homes may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

KB Home is currently constructing homes in Glendale Lakes, Section 12 which range in size from approximately 1,234 to 2,596 square feet of living area and in sales price from approximately \$240,995 to \$317,995. KB Home may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

Meritage Homes is currently constructing homes in Glendale Lakes, Section 13 which range in size from approximately 1,477 to 2,844 square feet of living area and in sales price from approximately \$302,565 to \$371,620. Meritage Homes may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

Collective reference is made in this Official Statement to Saratoga Homes, Meritage Homes and KB Home as the “Builders.”

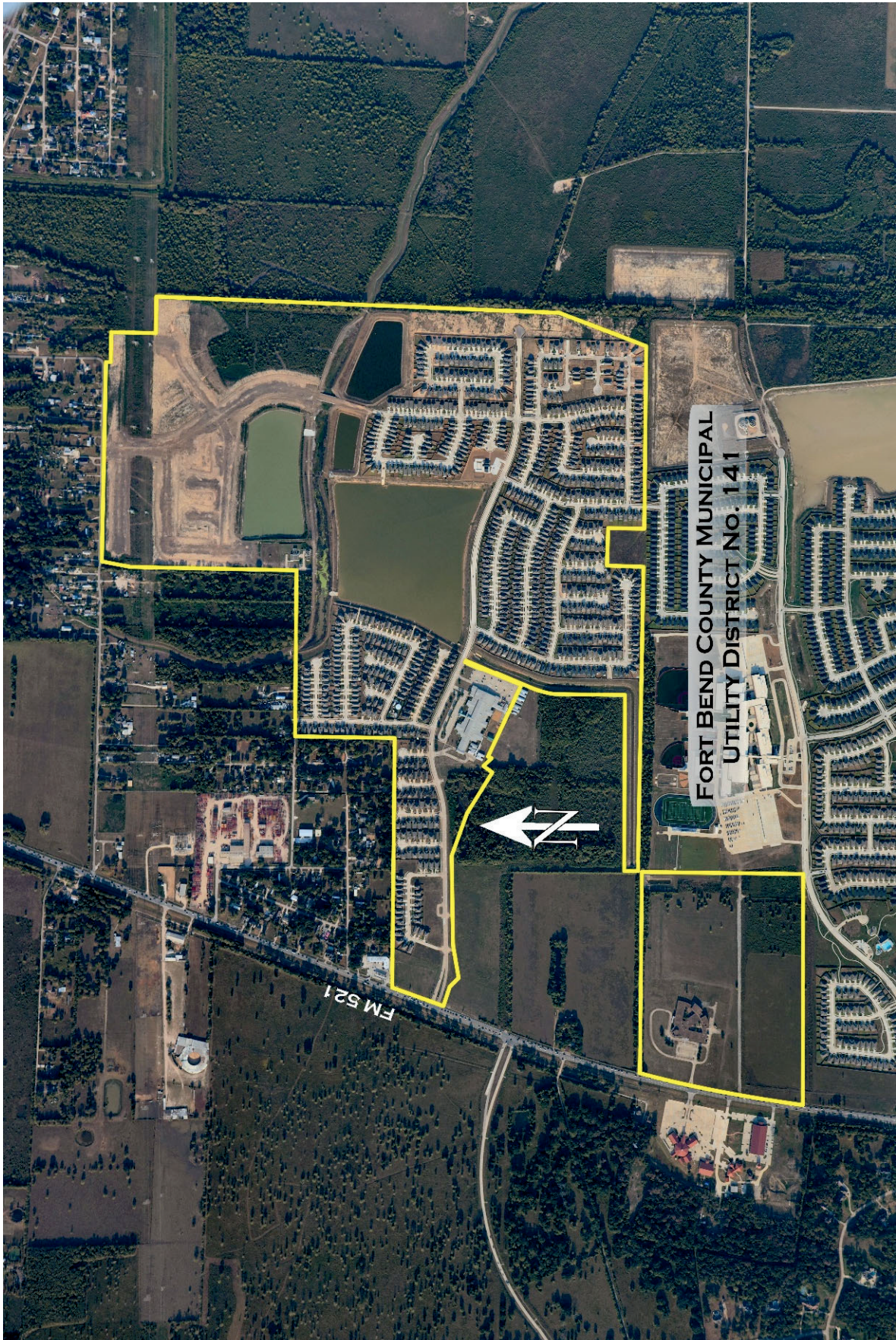
## **FUTURE DEVELOPMENT**

As is described above under the caption “DEVELOPMENT AND HOME CONSTRUCTION,” approximately 180.714 acres of the total of approximately 465.29 acres of land located within the District have been developed into 962 single-family residential lots, the development of which is complete, and approximately 60.000 acres are being developed into 205 future single-family residential lots. Approximately 86.003 total acres of undeveloped land located within the District that are available for future development are owned by Hannover Estates, Ltd. and approximately 8.331 total acres of undeveloped land that were annexed into the District are owned by Hannover Estates, Ltd. and JNC Development Inc. (“JNC”). Neither of the other aforementioned parties have reported any definitive development plan to the District covering any of such land, and thus the District cannot represent when, or whether, the development thereof might be undertaken. If any undeveloped portion of the District is eventually developed, additions to the water, wastewater and drainage systems required to service such undeveloped acreage may be financed by future issues of the District’s bonds. The District’s Engineer currently estimates that the \$62,355,000 authorized bonds which are currently unissued are adequate to finance the construction of such facilities to provide service to all of the undeveloped portions of the District as described in this Official Statement under the caption “THE SYSTEM.” See “INVESTMENT CONSIDERATIONS - Future Debt.” In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “INVESTMENT CONSIDERATIONS - Future Debt.”

The District may annex additional land into its boundaries, provided consent from the City of Arcola is obtained and the District adopts an Order Adding Land.



**AERIAL PHOTOGRAPH OF THE DISTRICT**  
(taken August 2023)

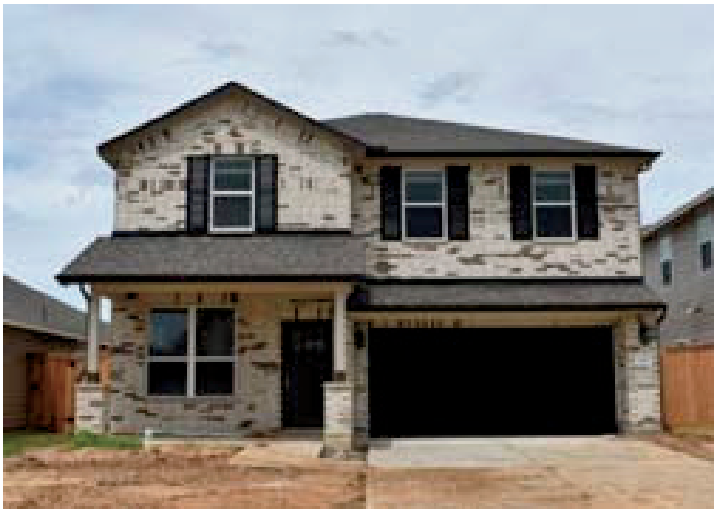




PHOTOGRAPHS TAKEN WITHIN THE DISTRICT  
(taken August 2023)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT  
(taken August 2023)



## DISTRICT DEBT

### Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements for the Outstanding Bonds plus the principal and interest requirements of the Bonds.

Year Ending December 31	Current Total Debt Service	Plus: The Bonds		New Total Debt Service
		Principal	Interest	
2023	\$245,048			\$245,048
2024	249,013		\$504,381	753,394
2025	347,763		580,119	927,881
2026	346,963	\$200,000	580,119	1,127,081
2027	350,978	210,000	566,369	1,127,346
2028	349,488	220,000	551,931	1,121,419
2029	349,388	235,000	536,806	1,121,194
2030	349,138	250,000*	520,650	1,119,788
2031	353,738	260,000*	508,150	1,121,888
2032	352,950	275,000*	495,150	1,123,100
2033	352,863	290,000*	481,400	1,124,263
2034	357,613	300,000	466,900	1,124,513
2035	356,013	320,000	451,900	1,127,913
2036	359,244	330,000	435,900	1,125,144
2037	362,044	350,000	419,400	1,131,444
2038	364,544	365,000	404,088	1,133,631
2039	361,719	385,000	388,119	1,134,838
2040	364,469	405,000	371,275	1,140,744
2041	366,788	425,000	353,050	1,144,838
2042	368,800	445,000	333,925	1,147,725
2043	375,450	465,000	313,900	1,154,350
2044	376,456	490,000	292,975	1,159,431
2045	377,150	515,000	270,925	1,163,075
2046	382,531	540,000	247,750	1,170,281
2047	382,419	570,000*	222,775	1,175,194
2048	386,994	595,000*	195,700	1,177,694
2049	386,075	630,000*	167,438	1,183,513
2050	384,844	665,000*	137,513	1,187,356
2051		1,085,000*	105,925	1,190,925
2052		1,145,000*	54,388	1,199,388
	\$9,960,483	\$11,965,000	\$10,958,921	\$32,884,399

Average Annual Requirements: (2026-2052).....	\$1,146,595
Maximum Annual Requirement: (2052).....	\$1,199,388

\* Represents mandatory sinking fund payments on Term Bonds.

**Bonded Indebtedness**

2023 Assessed Valuation..... (As of January 1, 2023) See “TAX DATA” and “TAXING PROCEDURES”	\$ 248,783,671 (a)
Estimated Valuation at May 1, 2023 ..... See “TAX DATA” and “TAXING PROCEDURES”	\$ 253,172,206 (b)
Direct Debt:	
Outstanding Bonds.....	\$ 6,500,000
The Bonds .....	<u>11,965,000</u>
Total .....	\$ 18,465,000 (c)
Estimated Overlapping Debt .....	\$ <u>10,940,113</u>
Total Direct and Estimated Overlapping Debt .....	\$ 29,405,113 (c)
Direct Debt Ratios	
: as a percentage of 2023 Assessed Valuation.....	7.42 %
: as a percentage of Estimated Valuation at May 1, 2023 .....	7.29 %
Direct and Estimated Overlapping Debt Ratios	
: as a percentage of 2023 Assessed Valuation.....	11.82 %
: as a percentage of Estimated Valuation at May 1, 2023 .....	11.61 %
Debt Service Fund Balance Estimated as of the Date of Delivery .....	\$ 1,042,840 (d)
General Fund Balance as of July 21, 2023 .....	\$ 1,386,835
2022 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$0.64
Maintenance Tax .....	<u>0.63</u>
Total .....	\$ 1.27 (e)(f)

- 
- (a) As of January 1, 2023, and comprises the District’s 2023 tax roll. All property located in the District is valued on the tax rolls by the Fort Bend Central Appraisal District (the “Appraisal District”) at 100% of assessed valuation as of January 1 of each year. The District’s tax roll is certified by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”). Such sum includes an uncertified component of \$15,271,682, which is included in the amount of \$248,783,671. The District’s ultimate 2023 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Board, and thus may vary from such sum of \$248,783,671. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAXING PROCEDURES.”
- (b) Provided by the Appraisal District for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of May 1, 2023, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2023, through April 30, 2023. The ultimate Assessed Valuation of any land and improvements added from January 1, 2023, through April 30, 2023, which will be placed on the District’s 2024 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2024.
- (c) See “DISTRICT DEBT.” In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt,” “INVESTMENT CONSIDERATIONS - Future Debt” and “FUTURE DEVELOPMENT.”



- (d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due in 2023. The initial payment on the Bonds, consisting of an interest payment thereon, is due March 1, 2024.
- (e) The District levied a total tax rate of \$1.27 per \$100 of Assessed Valuation for 2022, consisting of debt service and maintenance tax components of \$0.64 and \$0.63 per \$100 of Assessed Valuation, respectively. As is enumerated in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2022 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District’s 2022 tax rate, is \$2.9558 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAXING PROCEDURES.”
- (f) The District has published notice of a public hearing regarding its intent to levy a total tax rate of \$1.05 per \$100 of Assessed Valuation for 2023, consisting of debt service and maintenance tax components of \$0.65 and \$0.40 per \$100 of Assessed Valuation, respectively. The District expects such tax levy to be approved on September 18, 2023.

**Estimated Direct and Overlapping Debt Statement**

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

<u>Taxing Jurisdiction</u>	<u>Debt as of August 1, 2023</u>	<u>Estimated Overlapping Percent</u>	<u>Amount</u>
Fort Bend County <sup>(i)</sup>	956,522,050	0.25533%	\$2,442,286
Fort Bend County Drainage District	23,615,000	0.25741%	60,787
Fort Bend Independent School District	1,621,385,000	0.52036%	<u>8,437,040</u>
Total Estimated Overlapping Debt			\$10,940,113
Total Direct Debt (the Bonds and the Outstanding Bonds)			<u>18,465,000</u>
Total Direct and Estimated Overlapping Debt			\$29,405,113

<sup>(i)</sup> The Fort Bend County Toll Road Authority bonds are considered to be self-supporting, and are not included in this schedule.

**Debt Ratios**

	<u>% of 2023 Assessed Valuation</u>	<u>% of Estimated Valuation at May 1, 2023</u>
Direct Debt .....	7.42%	7.29%
Direct and Estimated Overlapping Debt.....	11.82%	11.61%

## TAX DATA

### Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds, the Bonds, and any future tax-supported bonds that may be issued by the District from time to time. The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due (see “THE BONDS” and “INVESTMENT CONSIDERATIONS”). The actual rate of such tax is determined annually as a function of the District’s tax base, its debt service requirements, and available funds. The District levied a debt service tax of \$0.64 per \$100 of Assessed Valuation for 2022.

### Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District’s improvements, if such maintenance tax is authorized by a vote of the District’s electorate. On November 2, 2004, the District voters authorized the levy of such a maintenance tax in an amount not to exceed \$1.50 per \$100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of \$0.63 per \$100 of Assessed Valuation for 2022.

### Tax Rate Limitation

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



## Historical Values and Tax Collection History

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

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate<sup>(a)</sup></u>	<u>Total Levy</u>	<u>% Collections</u>	
				<u>Current &amp; Prior Years<sup>(b)</sup></u>	<u>Year Ended 09/30</u>
2014	\$1,308,710	\$1.15 <sup>(c)</sup>	\$15,050	100.00%	2015
2015	1,307,130	1.15 <sup>(c)</sup>	15,032	100.00	2016
2016	1,325,582	1.35 <sup>(c)</sup>	17,895	100.00	2017
2017	2,719,010	1.35 <sup>(c)</sup>	36,707	100.00	2018
2018	12,459,206	1.35 <sup>(c)</sup>	168,199	100.00	2019
2019	25,378,990	1.35 <sup>(c)</sup>	342,616	100.00	2020
2020	43,793,331	1.35	591,210	100.00	2021
2021	86,297,132	1.35	1,165,011	100.00	2022
2022	147,893,235	1.27	1,878,244	99.44 <sup>(d)</sup>	2023
2023	248,783,671	1.05 <sup>(e)</sup>	2,612,229 <sup>(e)</sup>	(e)	2024

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through July 31, 2023. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) Maintenance tax only.

(d) In the process of collection.

(e) The District has published notice of a public hearing regarding its intent to levy a total tax rate of \$1.05 per \$100 of Assessed Valuation for 2023, consisting of debt service and maintenance tax components of \$0.65 and \$0.40 per \$100 of Assessed Valuation, respectively. The District expects such tax levy to be approved on September 18, 2023.

## Tax Rate Distribution

	<u>2023*</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Service	\$0.65	\$0.64	\$0.40	\$0.70	\$0.00
Maintenance & Operations	<u>0.40</u>	<u>0.63</u>	<u>0.95</u>	<u>0.65</u>	<u>1.35</u>
Total	\$1.05	\$1.27	\$1.35	\$1.35	\$1.35

\* The District has published notice of a public hearing regarding its intent to levy a total tax rate of \$1.05 per \$100 of Assessed Valuation for 2023, consisting of debt service and maintenance tax components of \$0.65 and \$0.40 per \$100 of Assessed Valuation, respectively. The District expects such tax levy to be approved on September 18, 2023.

## Analysis of Tax Base

The following table illustrates the composition of property located within the District during the past five years.

<u>Type of Property</u>	<u>2022</u>		<u>2021</u>		<u>2020</u>	
	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>
Land	\$25,222,385	17.05%	\$17,318,927	20.07%	\$12,826,375	29.29%
Improvements	154,456,069	104.44%	91,953,007	106.55%	55,498,492	126.73%
Personal Property	791,470	0.54%	447,580	0.52%	596,760	1.36%
Exemptions	<u>-32,576,689</u>	<u>-22.13%</u>	<u>-23,422,382</u>	<u>-27.14%</u>	<u>-25,128,296</u>	<u>-57.38%</u>
TOTAL	\$147,893,235	100.00%	\$86,297,132	100.00%	\$43,793,331	100.00%

<u>Type of Property</u>	<u>2019</u>		<u>2018</u>	
	<u>Assessed Valuation</u>	<u>%</u>	<u>Assessed Valuation</u>	<u>%</u>
Land	\$8,533,350	33.62%	\$8,054,360	64.65%
Improvements	35,076,091	138.21%	23,347,411	187.39%
Personal Property	291,420	1.15%	122,670	0.98%
Exemptions	<u>-18,521,871</u>	<u>-72.98%</u>	<u>-19,065,235</u>	<u>153.02%</u>
TOTAL	\$25,378,990	100.00%	\$12,459,206	100.00%

## Principal 2022 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2022. The information reflects the composition of property ownership reflected on the District's 2022 tax roll. See "DEVELOPERS."

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Assessed Valuation 2022 Tax Roll</u>	<u>% of 2022 Tax Roll</u>
Saratoga Homes of Texas Houston LLC*	Land and Improvements	\$6,046,100	4.09%
Meritage Homes of Texas*	Land and Improvements	2,473,065	1.67%
KB Home Lone Star Inc.*	Land and Improvements	1,073,065	0.73%
Hannover Estates, Ltd.*	Land and Improvements	719,960	0.49%
Centerpoint Energy Electric	Personal Property	646,880	0.44%
Homeowner	Land and Improvements	549,220	0.37%
Homeowner	Land and Improvements	518,700	0.35%
FKH SFR Propco I LP	Land and Improvements	517,230	0.35%
Opendoor Property Trust I	Land and Improvements	491,340	0.33%
JNC Development, Inc.*	Land	<u>485,130</u>	<u>0.33%</u>
		\$13,520,690	9.15%

\* See "DEVELOPERS" and "BUILDERS."

## Tax Exemption

Certain property in the District may be exempt from taxation. See "TAXING PROCEDURES." The District has adopted an exemption of \$10,000 of the appraised value of residence homesteads of individuals who are disabled or are sixty-five years of age or older. The Fort Bend Independent School District owns a total of approximately 77.24 acres located within the District on which it has constructed the Heritage Rose Elementary School. All of such land and improvements owned by the Fort Bend Independent School District is exempt from 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 can establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection. This 20% penalty applies to taxes that either: (1) become delinquent on or after February 1 of a year, but not later than May 1 of that year, and that remain delinquent on April 1 (for personal property) and July 1 (for real property) of the year in which they become delinquent or (2) become delinquent on or after June 1, pursuant to the Texas Tax Code.

## Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2023 Assessed Valuation or the Estimated Valuation at May 1, 2023. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District.

Average Annual Debt Service Requirements (2026-2052).....	\$1,146,595
Tax Rate of \$0.49 on the 2023 Assessed Valuation (\$248,783,671) produces.....	\$1,158,088
Tax Rate of \$0.48 on the Estimated Valuation at May 1, 2023 (\$253,172,206) produces.....	\$1,154,465
Maximum Annual Debt Service Requirement (2052).....	\$1,199,388
Tax Rate of \$0.51 on the 2023 Assessed Valuation (\$248,783,671) produces.....	\$1,205,357
Tax Rate of \$0.50 on the Estimated Valuation at May 1, 2023 (\$253,172,206) produces.....	\$1,202,568

The District levied a debt service tax in the amount of \$0.64 per \$100 of Assessed Valuation for 2022, plus a maintenance tax of \$0.63 per \$100 of Assessed Valuation. The District has published notice of a public hearing regarding its intent to levy a total tax rate of \$1.05 per \$100 of Assessed Valuation for 2023, consisting of debt service and maintenance tax components of \$0.65 and \$0.40 per \$100 of Assessed Valuation, respectively. As the above table indicates, the 2022 debt service tax rate and proposed 2023 debt service tax rate will be sufficient to pay the average annual and the maximum annual debt service requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the 2023 Assessed Valuation or the Estimated Valuation at May 1, 2023, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” In addition, as is illustrated above under the caption “Historical Values and Tax Collection History,” the District had collected an average of 100.00% of its 2014 through 2021 tax levies as of July 31, 2023, and its 2022 tax levy was 99.44% collected as of such date. Moreover, the District’s Debt Service Fund balance is estimated to be \$1,042,840 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see “APPENDIX B - ANNUAL FINANCIAL REPORT”). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2022 or the proposed 2023 debt service tax rate. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “Use and Distribution of Bond Proceeds” below and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “INVESTMENT CONSIDERATIONS - Future Debt” and “FUTURE DEVELOPMENT.”

## Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2022 taxes levied upon property located within the District, plus the District's 2022 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

<u>Taxing Jurisdiction</u>	<u>2022 Tax Rate Per \$100 of A.V.</u>
The District <sup>(i)</sup>	\$1.2700
Fort Bend County	0.4383
Fort Bend County Drainage District	0.0129
Fort Bend Independent School District	1.1346
Fort Bend County Emergency Service District No. 7	<u>0.1000</u>
Total Tax Rate	\$2.9558

<sup>(i)</sup> The District levied a total tax rate of \$1.27 per \$100 of Assessed Valuation for 2022, consisting of debt service and maintenance tax components of \$0.64 and \$0.63 per \$100 of Assessed Valuation, respectively.

## TAXING PROCEDURES

### Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See "TAX DATA - Maintenance Tax" and - "Tax Rate Distribution."

### Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing values established by the appraisal district. The Fort Bend County Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

### Property Subject to Taxation by the District

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

ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons to the extent deemed advisable by the Board. The District has adopted such an exemption in the amount of \$10,000. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount to be transferred to a subsequent residence homestead of the surviving spouse.

**Residential Homestead Exemptions:** The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District currently does not grant a homestead exemption. See "TAX DATA - Exemptions."

**Freeport Goods Exemption:** A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in- Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal for all prior and subsequent years.



## **Tax Abatement**

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

## **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. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

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

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



## **District and Taxpayer Remedies**

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

## **Levy and Collection of Taxes**

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

## **Rollback of Operation and Maintenance Tax Rate**

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

### *Special Taxing Units*

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

### *Developed Districts*

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

### *Developing Districts*

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

### *The District*

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The 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. For the 2023 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developing District.

### **Additional Penalties**

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

### **District's Rights in the Event of Tax Delinquencies**

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market

conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS - Tax Collection Limitations."

### **Tax Payment Installments After Disaster**

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

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

## **THE SYSTEM**

### **Regulation**

According to the Engineer, the District's water distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Construction of drainage facilities is subject to the regulatory authority of the Fort Bend Drainage District, and, in some instances, the TCEQ and the U.S. Army Corps of Engineers. Fort Bend County and the City also exercise regulatory jurisdiction over the District's System. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 465.29 acres is 952 with a total estimated population of 2,380 people. The following descriptions are based upon information supplied by the District's Engineer.

### **Description**

Proceeds of the sale of the Prior Bonds were used to finance the District's cost of the acquisition and construction of Glendale Lakes Lift Station, Glendale Lakes Groundwater Supply Plant No. 2, Interim Wastewater Treatment Plant, Wastewater Treatment Plant installation costs and lease payments, land acquisition costs, components of its System which serve Glendale Lakes, Section 1, and other components of the System. The District is financing its portion of the cost of the acquisition or construction of the components of its System which serve Glendale Lakes, Sections 2, 3 and 5, and other components of the System with portions of the proceeds of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds"). In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

### **Water Supply**

The District owns and operates the water plant facilities. The water plant includes two water wells totaling 1,092 gallons per minute ("g.p.m."), 31,000 gallon pressure tank, 276,035 gallon ground storage tank, and 2,050 g.p.m. of booster pump capacity. According to the District's Engineer, the aforementioned water supply and treatment facilities will contain

adequate capacity to provide service to 1,380 equivalent single-family residential connections upon completion of the second water well, including all 962 existing single-family residential connections, and the 205 single-family residential connections currently under development in the District.

The District has a water supply interconnect with Fort Bend County Freshwater Supply District No. 1 and the City of Arcola which is normally closed.

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

The District is within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”) which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District’s jurisdiction, including the area within the District. In 2005, the Texas legislature created the North Fort Bend Water Authority (“Authority”) to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Fort Bend County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas (“Houston”) to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan (“GRP”) and obtained Subsidence District approval of its GRP. The Authority’s GRP sets forth the Authority’s plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District has entered into a Groundwater Reduction Plan Agreement with the Authority, whereby the District will participate in the Authority’s GRP, and the District’s groundwater well(s) are included within the Authority’s GRP.

The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in 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 to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), 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 is delivering surface water to Water Plant No. 1 and Water Plant No. 2 and it is anticipated that the Authority will provide the District with enough water for the average daily demand. The District will utilize its existing water wells as necessary to meet peak demands that exceed the amount of water supplied by the Authority. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons of groundwater pumped and a fee per 1,000 gallons of surface water received. Said fees may be increased by the Authority at any time. As of August 1, 2023, the Authority currently has \$1,138,525,000 of revenue bonds outstanding and anticipates issuing substantial amounts of additional revenue bonds in the future to finance the Authority’s project costs.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2026, to limit 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 the year 2027, to 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 or its GRP, the Authority is subject to a disincentive fee penalty per 1,000 gallons (“Disincentive Fees”) imposed by the Subsidence District for any groundwater withdrawn in excess of the total water demand in the Authority’s GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

The 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 pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, conversion to surface water could necessitate improvements to the System which could require the issuance of additional bonds by the District. No representation is made that the Authority: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District’s surface water conversion requirements, or (iii) will comply with its GRP.

## **Wastewater Treatment**

Wastewater treatment for the District is provided by a leased wastewater treatment plant with a capacity of 350,000 gallons per day (“g.p.d.”). According to the District’s Engineer, the aforementioned wastewater treatment facility contains capacity to provide service to 1,166 equivalent single-family connections upon completion of the expansion.

## **Storm Drainage**

Storm Water drainage for the District generally drains through reinforced concrete storm sewer systems, open ditches, and detention basins that outfall into Chocolate Bayou.

## **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 rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. See “INVESTMENT CONSIDERATIONS - Extreme Weather Events.”

According to the District’s Engineer, the developable land located within the District is shown on the FIRM for Fort Bend County, Texas, No. 48039C0105 effective June 5, 1989. According to these maps, approximately 14.6 acres of the proposed developable land is shown to be located within the effective floodplain. When this portion of the District is developed, it will be removed from the floodplain by placement of fill above the flood plain elevation, and a Letter of Map Revision - Fill (LOMR-F) will be submitted to FEMA at that time.

The National Weather Service has 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 “INVESTMENT CONSIDERATIONS - Extreme Weather Events.”

## **INVESTMENT CONSIDERATIONS**

### **General**

The Bonds, which are obligations solely of the District and not of the State of Texas, Fort Bend County, Texas, the City of Arcola, Texas, or any political subdivision or agency other than the District, are secured by the proceeds an annual ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District’s ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District’s obligation to collect sufficient taxes may be costly and lengthy processes. See “Tax Collection Limitations” and



“Registered Owners’ Remedies and Bankruptcy” below and “THE BONDS - Source of Payment” and - “Registered Owners’ Remedies.”

### **Factors Affecting Taxable Values and Tax Payments**

**Economic Factors:** The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, credit availability, energy availability and cost, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see “Potential Effects of Oil Price Volatility on the Houston Area” below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although the development to the date hereof is as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION,” “DEVELOPERS” and “BUILDERS,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date.

**National Economy:** The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although the development to the date hereof is as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION,” “DEVELOPERS” and “BUILDERS,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing markets or a downturn in the national housing and financial markets may have on the Houston market generally and the District specifically, or the maintenance of assessed values in the District. See “TAXING PROCEDURES.”

**Credit Markets and Liquidity in the Financial Markets:** Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale. 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 development and/or home construction within the District. In addition, since the District is located approximately 26 miles southwest of the central downtown business district of the City of Houston, 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 further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans in the District and restrain the growth of the District’s property tax base.

**Developer/Builder/Landowner Obligation to the District:** The ability of a developer (defined in this Official Statement under the caption “DEVELOPERS”) or any other principal taxpayer within the District (see “TAX DATA - Principal 2022 Taxpayers”) to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. There is no commitment by or legal requirement 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 in the District, or of the Builders or any other home building company to proceed at any particular pace with the construction of homes in the District, and there is no restriction on any landowner’s right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See “FUTURE DEVELOPMENT.”

### **Maximum Impact on District Tax Rates**

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be



\$1,199,388 (2052) and the Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds will be \$1,146,595 (2026 through 2052, inclusive). The District's 2023 Assessed Valuation of property located within the District is \$248,783,671. Assuming no increase to nor decrease from the 2023 Assessed Valuation and the issuance of no additional bonds by the District, tax rates \$0.51 and \$0.49 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District's Estimated Valuation at May 1, 2023, of property located within the District supplied by the Appraisal District is \$253,172,206. Assuming no increase to nor decrease from the Estimated Valuation at May 1, 2023, and the issuance of no additional bonds by the District, tax rates of \$0.50 and \$0.48 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. See "TAX DATA - Tax Rate Calculations."

The District levied a debt service tax in the amount of \$0.64 per \$100 of Assessed Valuation for 2022, plus a maintenance tax of \$0.63 per \$100 of Assessed Valuation. As the above calculations indicate, the 2022 debt service tax rate and proposed 2023 debt service tax rate will be sufficient to pay the average annual and the maximum annual debt service requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the 2023 Assessed Valuation or the Estimated Valuation at May 1, 2023, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See "TAXING PROCEDURES." In addition, as is illustrated in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District had collected an average of 100.00% of its 2014 through 2021 tax levies as of July 31, 2023, and its 2022 tax levy was 99.44% collected as of such date. Moreover, the District's Debt Service Fund balance is estimated to be \$1,042,840 as the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2022 - \$0.64 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "Factors Affecting Taxable Values and Tax Payments" above and "TAXING PROCEDURES." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "Future Debt" below and "FUTURE DEVELOPMENT."

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2022 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2022 rate, is \$2.9558 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Increases in the District's tax rate to substantially higher levels than the total rate of \$1.27 per \$100 of Assessed Valuation that the District levied for 2022 may have an adverse impact upon future development of the District, the construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process. See "THE BONDS - Registered Owners' Remedies," "TAX DATA - Estimated Overlapping Taxes" and "TAXING PROCEDURES."

### **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 taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial

foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property, (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer's limited right to redeem its foreclosed property as set forth below, or (e) insufficient foreclosure bids to satisfy the tax liens of all local taxing authorities which have parity liens on the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of the property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. See "TAXING PROCEDURES."

### **Registered Owners' Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not 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. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgement for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies" and - "Bankruptcy Limitations to Registered Owners' Rights."

The District may not be placed into bankruptcy involuntarily.

### **Marketability**

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

### **Future Debt**

The District reserves in the Bond Resolution the right to issue the remaining \$62,355,000 in unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing waterworks, wastewater and drainage facilities, the \$4,680,000 for parks and recreational facilities, the \$52,600,000 for refunding purposes, and such additional bonds as may hereafter be approved by the voters of the District. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$62,355,000 in bonds for waterworks, wastewater and drainage facilities and \$4,860,000 for parks and recreational facilities is subject to TCEQ approval. In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition

or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt” and “FUTURE DEVELOPMENT.”

As is stated above, the District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park plan and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District. On November 2, 2004, the District authorized \$4,680,000 in bonds for parks and recreational facilities.

Pursuant to Chapter 54 of the Texas Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads under the authority of Article III, Section 52 of the Texas Constitution. Before the District could issue such bonds, the District would be required to receive: (i) obtain consent from the City of Arcola; (ii) receive a grant of such power from the TCEQ; (iii) receive authorization from the District’s voters to issue such bonds; and (iv) receive approval of the bonds by the Attorney General of Texas. The District has considered filing an application to the TCEQ for “road powers,” but first will request the City of Arcola’s consent to construct roads and have the authority to issue road bonds. The District has not submitted such a request to the City of Arcola at this time. Issuance of bonds for roads could dilute the investment security for the Bonds.

The District’s Engineer currently estimates that the aforementioned \$62,355,000 authorized bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities to provide service to all of the currently undeveloped portions of the District. See “Maximum Impact on District Tax Rates” above, “THE BONDS,” “DEVELOPMENT AND HOME CONSTRUCTION,” “FUTURE DEVELOPMENT,” and “THE SYSTEM.” If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See “THE BONDS - Issuance of Additional Debt.”

### **Competitive Nature of Houston Residential Housing Market**

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

### **Approval of the Bonds**

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

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

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

## Environmental Regulations

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

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

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

*Air Quality Issues.* Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under 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, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The District’s stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the “Current Permit”) issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District’s inclusion in the MS4 Permit 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.

## **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, including the District, 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. However, according to the District’s Operator and Engineer, the District’s System did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, according to the District’s Engineer, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes within the District 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 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.

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.

### **Potential Effects of Oil Price Volatility on the Houston Area**

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

### **Changes in Tax Legislation**

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

## **LEGAL MATTERS**

### **Legal Opinions**

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel for the District, to a like effect. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Bond Counsel’s opinion will also address the matters described below under “TAX MATTERS.”

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS” (except for the information under the subheadings “Book-Entry-Only System” and “Use and Distribution of Bond Proceeds”), “THE DISTRICT - General,” “- Management of the District - Bond Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information

fairly summarizes matters of law, the provisions of the documents referred to therein and conforms to the provisions of the Order of the TCEQ approving the Bonds and to the requirements of the City of Arcola with respect to the sale of the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

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

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

#### **No-Litigation Certificate**

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

#### **No Material Adverse Change**

The obligations of the Underwriter to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented, or amended through the date of sale. The rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

### **TAX MATTERS**

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the Code)) for the purpose of determining the alternative minimum tax imposed on corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States, and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

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

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

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

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

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

### **Tax Accounting Treatment of Original Issue Discount Bonds**

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

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

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

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

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

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

### **Not Qualified Tax-Exempt Obligations**

The Bonds are **not** “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

## **OFFICIAL STATEMENT**

### **General**

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

The District’s financial statements for the fiscal year ended June 30, 2022, were audited by McCall Gibson Swedlund Barfoot PLLC and have been included herein as “APPENDIX B.”

### **Experts**

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled “THE BONDS - Use and Distribution of Bond Proceeds,” “THE DISTRICT” and “THE SYSTEM” has been provided by R. G. Miller Engineers, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

### **Certification as to Official Statement**

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

### **Updating of Official Statement**

If, subsequent to the date of the Official Statement, to and including the date the Underwriter is no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the “SEC”), the District learns, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the “end of the underwriting period” as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the “end of the underwriting period.”

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings “DISTRICT DEBT” and “TAX DATA” and in “APPENDIX B” (the Audit). The District will update and provide this information within six 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's audit is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements within the required time, and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District’s current fiscal year end is 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.



## Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect beneficial owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

## Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at [www.emma.msrb.org](http://www.emma.msrb.org).

## Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of SEC Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has

agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating 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 it in accordance with SEC Rule 15c2-12.

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 141 as of the date shown on the first page hereof.

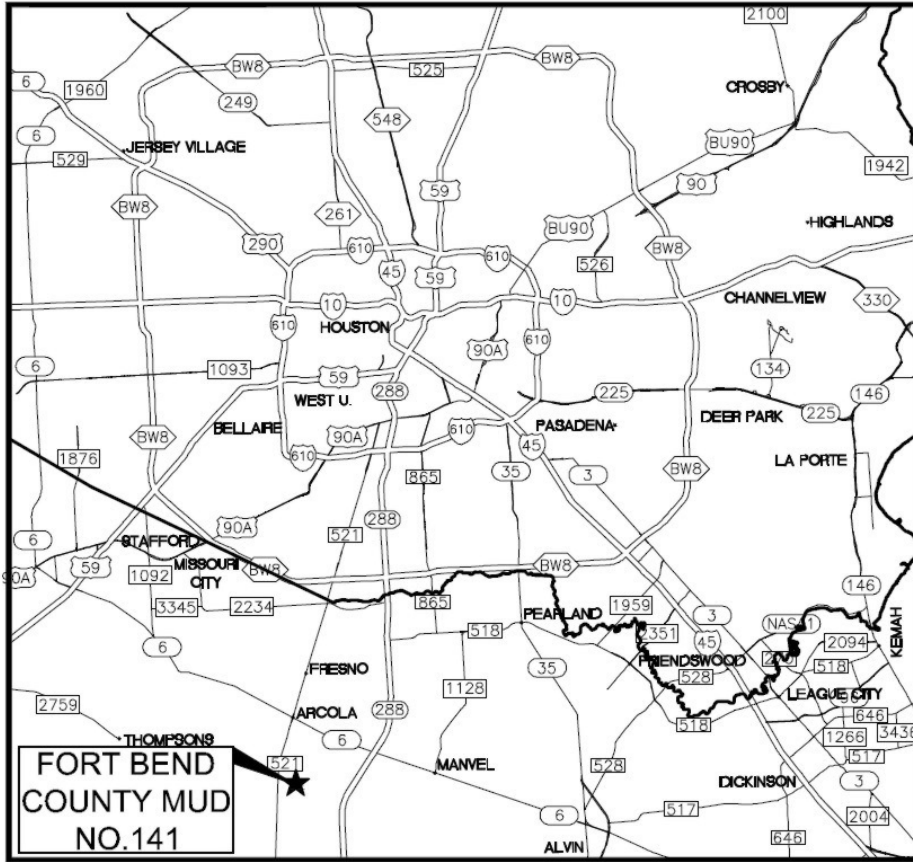
/s/ Barbara T. Dexter  
President, Board of Directors  
Fort Bend County Municipal Utility District No. 141

ATTEST:

/s/ Nancy Cobb  
Secretary, Board of Directors  
Fort Bend County Municipal Utility District No. 141



APPENDIX A  
LOCATION MAP



16340 Park Ten Place  
Suite 350  
Houston, Texas 77084  
(713) 461-9600

TEXAS FIRM REGISTRATION NO. F-487

DATE: MAY 2019 SCALE: N.T.S.





**APPENDIX B**

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**

**FORT BEND COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2022**



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**

**FORT BEND COUNTY, TEXAS**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Fort Bend County Municipal  
Utility District No. 141  
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. 141 (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 the District as of June 30, 2022, and the respective changes in financial position 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 the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund 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 supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is 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 supplementary information, excluding that portion marked “Unaudited” on which we express no opinion or provide an assurance, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

October 31, 2022



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

Management’s discussion and analysis of Fort Bend County Municipal Utility District No. 141’s (the “District”) financial performance provides an overview of the District’s financial activities for year ended June 30, 2022. Please read it in conjunction with the District’s financial statements.

**USING THIS FINANCIAL REPORT**

This financial report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District’s overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District’s assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of the Activities reports how the District’s net position changed during the year ended June 30, 2022. All revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, other costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund financial statements provides a distinctive view of the District’s governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO FINANCIAL STATEMENTS**

The accompanying notes to financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). A budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities exceeded assets by \$2,892,019 as of June 30, 2022. A portion of the District’s net position reflects its net investment in capital assets (land, buildings and equipment as well as water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding).

The following is a summary of the Statement of Net Position as of June 30, 2022. The following is a comparative analysis of government-wide changes in net position:

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2022	2021	Change Positive (Negative)
Current and Other Assets	\$ 1,974,847	\$ 1,438,254	\$ 536,593
Capital Assets (Net of Accumulated Depreciation)	10,761,949	10,494,397	267,552
<b>Total Assets</b>	<b>\$ 12,736,796</b>	<b>\$ 11,932,651</b>	<b>\$ 804,145</b>
Due to Developer	\$ 8,522,453	\$ 8,998,458	\$ 476,005
Long-Term Liabilities	6,581,242	2,590,000	(3,991,242)
Other Liabilities	525,120	3,069,850	2,544,730
<b>Total Liabilities</b>	<b>\$ 15,628,815</b>	<b>\$ 14,658,308</b>	<b>\$ (970,507)</b>
<b>Net Position:</b>			
Net Investment in Capital Assets	\$ (3,481,256)	\$ (2,247,969)	\$ (1,233,287)
Restricted	474,484	310,307	164,177
Unrestricted	114,753	(787,995)	902,748
<b>Total Net Position</b>	<b>\$ (2,892,019)</b>	<b>\$ (2,725,657)</b>	<b>\$ (166,362)</b>

The following table provides a summary of the District's operations for the years ended June 30, 2022 and June 30, 2021.

	Summary of Changes in the Statement of Activities		
	2022	2021	Change Positive (Negative)
<b>Revenues:</b>			
Property Taxes	\$ 1,169,571	\$ 591,499	\$ 578,072
Charges for Services	1,175,990	709,979	466,011
Other Revenues	31,620	21,427	10,193
<b>Total Revenues</b>	<b>\$ 2,377,181</b>	<b>\$ 1,322,905</b>	<b>\$ 1,054,276</b>
Expenses for Services	2,543,543	1,479,738	(1,063,805)
<b>Change in Net Position</b>	<b>\$ (166,362)</b>	<b>\$ (156,833)</b>	<b>\$ (9,529)</b>
Net Position, Beginning of Year	(2,725,657)	(2,568,824)	(156,833)
<b>Net Position, End of Year</b>	<b>\$ (2,892,019)</b>	<b>\$ (2,725,657)</b>	<b>\$ (166,362)</b>



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND**

The District's combined fund balances as of June 30, 2022 is \$1,716,530, an increase of \$2,569,356 from the prior year.

The District's General Fund fund balance increased by \$691,534, primarily due to service and property tax revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by \$202,155, primarily due to the structure of the District's outstanding debt service.

The Capital Project Fund fund balance increased by \$1,675,667, primarily due to the sale of the Series 2022 Bond.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$1,152,862 more than budgeted revenues and actual expenditures were \$467,388 more than budgeted expenditures, which resulted in a positive variance of \$685,474. For more information, refer to the budgetary comparison analysis.

**CAPITAL ASSETS**

Capital assets as of June 30, 2022, total \$10,761,949 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2022	2021	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 117,063	\$ 117,063	\$
Construction in Progress	8,310	8,310	
Capital Assets, Net of Accumulated Depreciation:			
Water Facilities	1,246,753	1,235,602	11,151
Wastewater Facilities	3,777,119	3,391,090	386,029
Drainage Facilities	5,612,704	5,742,332	(129,628)
Total Net Capital Assets	\$ 10,761,949	\$ 10,494,397	\$ 267,552

Additional information on the District's capital assets can be found in Note 6 of this report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**LONG-TERM DEBT ACTIVITY**

As of June 30, 2022, the District’s capital lease payable was paid in full. The changes during the fiscal year ended June 30, 2022, are summarized as follows:

Capital Lease Payable, July 1, 2021	\$ 343,731
Less: Capital Lease Principal Paid	<u>343,731</u>
Capital Lease Payable, June 30, 2022	<u>\$ - 0 -</u>

As of June 30, 2022, the District had total bond debt payable of \$6,590,000. The changes in the debt position of the District during the fiscal year ended June 30, 2022, are summarized as follows:

Bonds Payable, July 1, 2021	\$ 2,630,000
Add: Bond Sale - Series 2022	4,000,000
Less: Bond Principal Paid	<u>40,000</u>
Bonds Payable, June 30, 2022	<u>\$ 6,590,000</u>

The District has made no application for a municipal bond rating of the Series 2019 Bonds. The Series 2022 Bonds carry an insured rating of “AA” by virtue of bond insurance by Assured Guaranty Municipal.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 141, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2022**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 145,544	\$ 36,753
Investments	889,316	535,902
Receivables:		
Property Taxes	5,554	2,339
Penalty and Interest on Delinquent Taxes		
Service Accounts	112,717	
Accrued Interest		207
Due from Other Funds	33,142	
Prepaid Costs	6,098	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 1,192,371</b>	<b>\$ 575,201</b>

The accompanying notes to financial statements are an integral part of this report.

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 3,580	\$ 185,877	\$	\$ 185,877
235,653	1,660,871		1,660,871
	7,893		7,893
		1,184	1,184
	112,717		112,717
	207		207
	33,142	(33,142)	
	6,098		6,098
		117,063	117,063
		8,310	8,310
		10,636,576	10,636,576
<u>\$ 239,233</u>	<u>\$ 2,006,805</u>	<u>\$ 10,729,991</u>	<u>\$ 12,736,796</u>

The accompanying notes to financial  
statements are an integral part of this report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**JUNE 30, 2022**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 179,961	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		33,142
Due to Taxpayers		277
Security Deposits	67,950	
Long Term Liabilities:		
Bonds Payable Within One Year		
Bonds Payable After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 247,911</b>	<b>\$ 33,419</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 5,554	\$ 2,339
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 6,098	\$
Restricted for Authorized Construction		
Restricted for Debt Service		539,443
Unassigned	932,808	
<b>TOTAL FUND BALANCES</b>	<b>\$ 938,906</b>	<b>\$ 539,443</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,192,371</b>	<b>\$ 575,201</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

The accompanying notes to financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 1,052	\$ 181,013	\$ 162,398	\$ 343,411
		68,482	68,482
		8,522,453	8,522,453
	33,142	(33,142)	
	277		277
	67,950		67,950
		45,000	45,000
		6,581,242	6,581,242
<u>\$ 1,052</u>	<u>\$ 282,382</u>	<u>\$ 15,346,433</u>	<u>\$ 15,628,815</u>
<u>\$ - 0 -</u>	<u>\$ 7,893</u>	<u>\$ (7,893)</u>	<u>\$ - 0 -</u>
\$ 238,181	\$ 6,098	\$ (6,098)	\$
	238,181	(238,181)	
	539,443	(539,443)	
	932,808	(932,808)	
<u>\$ 238,181</u>	<u>\$ 1,716,530</u>	<u>\$ (1,716,530)</u>	<u>\$ - 0 -</u>
<u>\$ 239,233</u>	<u>\$ 2,006,805</u>		
		\$ (3,481,256)	\$ (3,481,256)
		474,484	474,484
		114,753	114,753
		<u>\$ (2,892,019)</u>	<u>\$ (2,892,019)</u>

The accompanying notes to financial statements are an integral part of this report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

Total Fund Balances - Governmental Funds	\$	1,716,530
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		10,761,949
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Deferred inflows of resources related to property tax revenues for the 2021 tax levy became part of recognized revenues in the governmental activities of the District.		9,077
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developer	\$ (8,522,453)	
Bonds Payable	(6,626,242)	
Accrued Interest Payable	(68,482)	
Accounts Payable	<u>(162,398)</u>	<u>(15,379,575)</u>

Total Net Position - Governmental Activities	\$	<u>(2,892,019)</u>
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The accompanying notes to financial statements are an integral part of this report.

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 819,847	\$ 346,659
Water Service	309,074	
Wastewater Service	240,678	
Regional Water Authority Fees	223,845	
Penalty and Interest	10,930	4,572
Tap Connection and Inspection Fees	385,707	
Miscellaneous Revenues	29,841	1,141
<b>TOTAL REVENUES</b>	<b>\$ 2,019,922</b>	<b>\$ 352,372</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 127,156	\$ 1,154
Contracted Services	192,654	17,994
Repairs and Maintenance	361,378	
Utilities	63,609	
Regional Water Authority Assessment	229,086	
Depreciation		
Other	320,192	3,019
Capital Outlay	16,220	
Debt Service:		
Bond Principal		40,000
Bond Interest		88,050
Capital Lease Principal		
Capital Lease Interest	18,093	
Bond Issuance Costs		
Developer Interest		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 1,328,388</b>	<b>\$ 150,217</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>		
<b>OVER EXPENDITURES/EXPENSES</b>	<b>\$ 691,534</b>	<b>\$ 202,155</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Long-Term Debt Issued	\$	\$
Bond Discount		
Bond Premium		
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 691,534</b>	<b>\$ 202,155</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES NET POSITION - JULY 1, 2021</b>	<b>247,372</b>	<b>337,288</b>
<b>FUND BALANCES NET POSITION - JUNE 30, 2022</b>	<b>\$ 938,906</b>	<b>\$ 539,443</b>

The accompanying notes to financial statements are an integral part of this report.

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 1,166,506	\$ 3,065	\$ 1,169,571
	309,074		309,074
	240,678		240,678
	223,845		223,845
	15,502	1,184	16,686
	385,707		385,707
<u>638</u>	<u>31,620</u>		<u>31,620</u>
\$ 638	\$ 2,372,932	\$ 4,249	\$ 2,377,181
\$ 120,228	\$ 248,538	\$ (107,685)	\$ 140,853
	210,648		210,648
	361,378		361,378
	63,609		63,609
	229,086		229,086
		304,037	304,037
7,375	330,586		330,586
1,031,374	1,047,594	(1,047,594)	
	40,000	(40,000)	
	88,050	38,561	126,611
349,931	349,931	(343,731)	6,200
5,352	23,445		23,445
447,425	447,425	(100,300)	347,125
<u>399,965</u>	<u>399,965</u>		<u>399,965</u>
\$ 2,361,650	\$ 3,840,255	\$ (1,296,712)	\$ 2,543,543
\$ (2,361,012)	\$ (1,467,323)	\$ 1,300,961	\$ (166,362)
\$ 4,000,000	\$ 4,000,000	\$ (4,000,000)	\$
(74,174)	(74,174)	74,174	
<u>110,853</u>	<u>110,853</u>	<u>(110,853)</u>	
\$ 4,036,679	\$ 4,036,679	\$ (4,036,679)	\$ - 0 -
\$ 1,675,667	\$ 2,569,356	\$ (2,569,356)	\$
		(166,362)	(166,362)
<u>(1,437,486)</u>	<u>(852,826)</u>	<u>(1,872,831)</u>	<u>(2,725,657)</u>
\$ 238,181	\$ 1,716,530	\$ (4,608,549)	\$ (2,892,019)

The accompanying notes to financial statements are an integral part of this report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Net Change in Fund Balances - Governmental Funds	\$ 2,569,356
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenues are recorded in the accounting period for which the taxes are levied.	3,065
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	1,184
Governmental funds report fees for long-term liabilities as expenditures in the year paid. However, in the government-wide financial statements, the fees paid decrease long-term liabilities.	207,985
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(304,037)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	1,047,594
Governmental funds report bond discounts and bond premiums as other financing sources/uses in the year paid. However, in the Statement of Net Position, bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(36,679)
Governmental funds report capital lease principal payments as expenditures. However, in the government-wide financial statements, capital lease principal payments are reported as decreases in long-term liabilities.	343,731
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	40,000
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through the fiscal year-end.	(38,561)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	<u>(4,000,000)</u>
Change in Net Position - Governmental Activities	<u>\$ (166,362)</u>

The accompanying notes to financial statements are an integral part of this report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1. CREATION OF DISTRICT**

Fort Bend County Municipal Utility District No. 141 (the “District”) was created effective December 12, 2003, by an Order of the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on May 17, 2004.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local 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 statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District’s Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses of the government-wide Statement of Activities.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

Fund Financial Statements

As discussed above, the District’s fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

General Fund – To account for resources not required to be accounted for in another fund, customer service revenues, other costs and general expenditures.

Debt Service Fund – To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

Capital Projects Fund – To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and an estimated useful life of two years or more. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

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 original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are wages subject to federal income tax withholding for payroll tax purposes only.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*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.

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. 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 expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Accounting Estimates

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

**NOTE 3. LONG-TERM DEBT**

	Series 2019	Series 2022
Amounts Outstanding – June 30, 2022	\$ 2,590,000	\$ 4,000,000
Interest Rates	2.20 - 3.625%	2.25 – 4.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2023/2049	September 1, 2025/2050
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2027*

\* Or any date thereafter at a price of par value plus unpaid interest from the most recent interest payment date to the date fixed for redemption. The Series 2019 bonds maturing on September 1, 2029, 2037, 2039, 2041, 2044 and 2049 are scheduled for mandatory redemption beginning on September 1, 2028, 2036, 2038, 2040, 2042 and 2045, respectively. The Series 2022 bonds maturing on September 1, 2029, 2031, 2033, 2036, 2038, 2040, 2042 and 2050 are scheduled for mandatory redemption beginning on September 1, 2028, 2030, 2032, 2034, 2037, 2039, 2041, and 2043, respectively.

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2022:

	July 1, 2021	Additions	Retirements	June 30, 2022
Bonds Payable	\$ 2,630,000	\$ 4,000,000	\$ 40,000	\$ 6,590,000
Unamortized Discounts		(74,174)	(883)	(73,291)
Unamortized Premiums		110,853	1,320	109,533
Total Long-Term Liabilities	\$ 2,630,000	\$ 4,036,679	\$ 40,437	\$ 6,626,242
		Amount Due Within One Year		\$ 45,000
		Amount Due After One Year		6,581,242
		Total Bonds Payable		\$ 6,626,242

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of June 30, 2022, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 45,000	\$ 202,747	\$ 247,747
2024	45,000	199,530	244,530
2025	50,000	198,386	248,386
2026	150,000	194,862	344,862
2027	155,000	188,969	343,969
2028-2032	880,000	858,710	1,738,710
2033-2037	1,045,000	718,227	1,763,227
2038-2042	1,260,000	540,439	1,800,439
2043-2047	1,525,000	332,199	1,857,199
2048-2051	1,435,000	84,129	1,519,129
	<u>\$ 6,590,000</u>	<u>\$ 3,518,198</u>	<u>\$ 10,108,198</u>

As of June 30, 2022, the District had authorized but unissued bonds in the amount of \$74,320,000 for utilities, \$52,600,000 for refunding purposes and \$4,680,000 for parks and recreation facilities.

During the year ended June 30, 2022, the District did levy an ad valorem debt service tax rate at the rate of \$0.40 per \$100 assessed valuation, which resulted in a tax levy of \$346,600 on the adjustable tax valuation of \$86,649,925 for the 2021 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

All property values and exempt status, if any, are determined by the 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.

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds be rebated to the federal government, within the meaning of Section 148(f) of the Internal Revenue Code. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**  
(Continued)

The bond resolution states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$410,877 and the bank balance was \$478,229. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2022, as listed below:

	Cash	Certificate of Deposit	Total
GENERAL FUND	\$ 145,544	\$	\$ 145,544
DEBT SERVICE FUND	36,753	225,000	261,753
CAPITAL PROJECTS FUND	3,580		3,580
TOTAL DEPOSITS	\$ 185,877	\$ 225,000	\$ 410,877

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J.P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level 1 investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

The District records its investments in certificates of deposit at acquisition cost. As of June 30, 2022, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Less Than 1
<u>GENERAL FUND</u>		
TexSTAR	\$ 889,316	\$ 889,316
<u>DEBT SERVICE FUND</u>		
TexSTAR	310,902	310,902
Certificate of Deposit	225,000	225,000
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	235,653	235,653
<b>TOTAL INVESTMENTS</b>	<u>\$ 1,660,871</u>	<u>\$ 1,660,871</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2022, the District’s investments in TexSTAR were rated “AAAm” by Standard and Poor’s. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers its investments in TexSTAR to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

Cash and cash equivalents of the Debt Service Fund are restricted for payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022:

	July 1, 2021	Increases	Decreases	June 30, 2022
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 117,063	\$	\$	\$ 117,063
Construction in Progress	8,310			8,310
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 125,373</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 125,373</u>
<b>Capital Assets Subject to Depreciation</b>				
Water Facilities	\$ 1,508,242	\$ 53,468	\$	\$ 1,561,710
Wastewater Facilities	3,842,981	486,288		4,329,269
Drainage Facilities	6,475,090	31,833		6,506,923
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 11,826,313</u>	<u>\$ 571,589</u>	<u>\$ - 0 -</u>	<u>\$ 12,397,902</u>
<b>Accumulated Depreciation</b>				
Water Facilities	\$ 272,640	\$ 42,317	\$	\$ 314,957
Wastewater Facilities	451,891	100,259		552,150
Drainage Facilities	732,758	161,461		894,219
<b>Total Accumulated Depreciation</b>	<u>\$ 1,457,289</u>	<u>\$ 304,037</u>	<u>\$ - 0 -</u>	<u>\$ 1,761,326</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 10,369,024</u>	<u>\$ 267,552</u>	<u>\$ - 0 -</u>	<u>\$ 10,636,576</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 10,494,397</u>	<u>\$ 267,552</u>	<u>\$ - 0 -</u>	<u>\$ 10,761,949</u>

**NOTE 7. MAINTENANCE TAX**

On November 2, 2004, the voters of the District approved the levy and collection of a maintenance tax of not more than \$1.50 per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended June 30, 2022, the District levied an ad valorem maintenance tax rate of \$0.95 per \$100 of assessed valuation, which resulted in a tax levy of \$823,174 on the adjusted taxable valuation of \$86,649,925 for the 2021 tax year.

**NOTE 8. UNREIMBURSED COSTS**

In accordance with the terms of development financing agreements, developer(s) within the District have made expenditures on behalf of the District for various projects for which the District has not sold bonds. As of June 30, 2022, the District has recorded \$7,755,144 as due to developer(s) for projects that have been completed, and \$100,000 as due to developer(s) for a payment to the City of Arcola (see Note 10). In addition, \$667,309 has been recorded as due to developer(s) for operating advances.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8. UNREIMBURSED COSTS (Continued)**

Amounts reported by the developer(s) may be estimates. Actual amounts may vary. Any reimbursements for these costs will come from the proceeds of a future bond sales.

In addition, the District owes certain consultants \$162,398 for services provided prior to December 6, 2019. The District currently plans to pay for these services from future bond proceeds.

The following table summarizes the current year activity related to unreimbursed developer costs for completed projects:

	July 1, 2021	Additions	Reimbursements	June 30, 2022
Due to Developer	\$ 8,998,458	\$ 284,430	\$ 760,435	\$ 8,522,453

**NOTE 9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide property, general liability, automobile liability, pollution liability, directors and officers liability and boiler and machinery coverage. The District, along with other participating entities, contributes annual amounts determined by TML’s management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 10. STRATEGIC PARTNERSHIP AGREEMENT**

The District has entered into a strategic partnership agreement ("SPA") with the City that provides for the annexation into the City of an approximately 8-acre tract of land within the District for limited purposes for the imposition of the City's Sales and Use Tax. The SPA sets forth certain conditions related to the issuance of bonds by the District for the purpose of purchasing and constructing, or purchasing, or constructing under contract with the City, or otherwise acquiring waterworks systems, sanitary sewer systems, storm sewer systems, and drainage facilities, or parts of such systems or facilities, and to make any and all necessary purchases, construction, improvements, extensions, additions, and major repairs thereto, and to purchase or acquire all necessary land, right-of-way, easements, sites, equipment, buildings, plants, structures, and facilities therefor. The SPA states that no land will be added or annexed into the District until the City has given its written consent. The SPA entered into with the City expires forty years from its effective date on December 15, 2004. The SPA does not specify procedures for full purpose annexation of all or a portion of the District by the City.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 11. INTERIM WASTEWATER TREATMENT PLANT LEASE**

On October 19, 2015, the District entered into a Lease Agreement with Option to Purchase for a 105,000 gallon per day interim sewage treatment plant. The initial lease term was 60 months. In addition to the monthly payment, there are charges for installation and equipment retrieval at the end of the term. The District agrees to pay \$7,000 per month during the initial term. The monthly payments will be \$6,200 per month for any additional months beyond the initial term.

During the current fiscal year, the District made total lease payments of \$373,376, of which \$349,931 was principal, including an additional \$6,200 for the month of June 2022, one month after the final lease payment, and \$290,176 for the lease buyout. As of June 30, 2022, the capital lease was paid in full.

Effective March 31, 2022, the District entered into a Lease Agreement with Option to Purchase for the Phase II 0.245 million gallon per day interim sewage treatment plant. The initial lease term was 60 months. In addition to the monthly payment, there are charges for installation and equipment retrieval at the end of the term. The District agrees to pay \$13,580 per month during the initial term. The monthly payments will be \$12,550 per month for any additional months beyond the initial term.

**NOTE 12. NORTH FORT BEND WATER AUTHORITY**

The District is not located within the boundaries of the North Fort Bend Water Authority (the "Authority"), but entered into a Groundwater Reduction Plan Participation Agreement with the Authority dated November 28, 2012, under which the District is covered by the Authority's Groundwater Reduction Plan. The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 3482 (the "Act"), as passed by the 79<sup>th</sup> Texas Legislature, in 2005. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that its participants comply with subsidence district pumpage requirements. The District is required by the subsidence district to convert its water supply to surface water over a period of time.

The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted, and to contract participants like the District. This fee enables the Authority to fulfill its purpose and regulatory functions. The current rate for surface water is \$4.90 per 1,000 gallons of water delivered. The current rate is \$4.55 per 1,000 gallons of water pumped from each well. During the current fiscal year, the District paid \$229,086 to the Authority for pumpage fees.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 13. EMERGENCY WATER INTERCONNECT AGREEMENT**

On January 8, 2018, the District entered into an Emergency Water Interconnect Agreement with Fort Bend County Fresh Water Supply District No. 1 (District No. 1) and the City to establish terms and conditions for the District to provide emergency water service to the City and for District No. 1 to provide emergency water service to the District. The District is responsible for all costs associated with construction of such water interconnect facilities to be connected to the District's system.

The District will pay for water delivered by the terms of this agreement at the option of District No. 1 either (i) in kind, or (ii) at the rate of \$1.00 per 1,000 gallons plus any water authority fees imposed by District No. 1. The City will pay for water delivered by the terms of this agreement at the option of the District either (i) in kind, or (ii) at the rate of \$1.00 per 1,000 gallons plus any water authority fees imposed by District No. 1. The term of this agreement is 25 years.

**NOTE 14. BOND SALE**

On February 24, 2022, the District closed on the sale of its \$4,000,000 Series 2022 Unlimited Tax Bonds. Proceeds from the bond sale were used to reimburse the Developers for water, sewer, and drainage facilities serving Glendale Lakes, Section 1; Glendale Lakes Detention and Drainage Channel; water, sewer, and drainage facilities, as well as a force main and lift station, serving Glendale Lakes Drive. Proceeds from the bond sale were also used to fund costs associated with the bond and to retire the Series 2021 Bond Anticipation Note.

**NOTE 15. USE OF SURPLUS FUNDS**

On July 19, 2021, the District received approval from the Commission for use of \$334,283 in surplus capital projects funds to fund the principal portion of the lease payments for their wastewater treatment plant and the purchase of the wastewater treatment plant at the end of the lease term. The District also received approval from the Commission for the use of \$191,889 in surplus capital projects funds to fund the repair and replacement of a wastewater line.

On December 15, 2021, in accordance with Rule 30 T.A.C. 293.83 (c)(3) of the Commission, the District approved the use of \$47,218 in surplus capital projects funds to fund the rehabilitation and repair of the District's Water Well No. 1.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2022**





**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 273,910	\$ 819,847	\$ 545,937
Water Service	195,000	309,074	114,074
Wastewater Service	115,000	240,678	125,678
Regional Water Authority Fees	100,000	223,845	123,845
Penalty and Interest	3,000	10,930	7,930
Tap Connection and Inspection Fees	175,000	385,707	210,707
Miscellaneous Revenues	5,150	29,841	24,691
<b>TOTAL REVENUES</b>	<b>\$ 867,060</b>	<b>\$ 2,019,922</b>	<b>\$ 1,152,862</b>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 81,000	\$ 127,156	\$ (46,156)
Contracted Services	134,000	192,654	(58,654)
Repairs and Maintenance	267,000	361,378	(94,378)
Utilities	50,000	63,609	(13,609)
Regional Water Authority Assessment	100,000	229,086	(129,086)
Other	209,000	320,192	(111,192)
Capital Outlay		16,220	(16,220)
Debt Service: Capital Lease Interest	20,000	18,093	1,907
<b>TOTAL EXPENDITURES</b>	<b>\$ 861,000</b>	<b>\$ 1,328,388</b>	<b>\$ (467,388)</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 6,060</b>	<b>\$ 691,534</b>	<b>\$ 685,474</b>
<b>FUND BALANCE - JULY 1, 2021</b>	<b>247,372</b>	<b>247,372</b>	<b>_____</b>
<b>FUND BALANCE - JUNE 30, 2022</b>	<b>\$ 253,432</b>	<b>\$ 938,906</b>	<b>\$ 685,474</b>

See accompanying independent auditor's report.

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**JUNE 30, 2022**



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
SERVICES AND RATES  
FOR THE YEAR ENDED JUNE 30, 2022**

**1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:**

<u>  X  </u>	Retail Water	_____	Wholesale Water	<u>  X  </u>	Drainage
<u>  X  </u>	Retail Wastewater	_____	Wholesale Wastewater	_____	Irrigation
_____	Parks/Recreation	_____	Fire Protection	_____	Security
<u>  X  </u>	Solid Waste/Garbage	_____	Flood Control	_____	Roads
_____	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 3/4" METER (OR EQUIVALENT):**

Based on the rate order approved May 16, 2022.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 23.00	1,000	N	\$ 2.70 \$ 3.65 \$ 4.15 \$ 5.00	1,001 to 10,000 10,001 to 20,000 20,001 to 50,000 50,001 and up
WASTEWATER:	\$ 30.00		Y		
SURCHARGE:					
Surface Water Fee			N	\$ 5.00	All
District employs winter averaging for wastewater usage?					_____ <u>  X  </u> Yes            No

Total monthly charges per 10,000 gallons usage: Water: \$47.30 Wastewater: \$30.00 Surcharge: \$50.00 Total: \$127.30

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	<u>777</u>	<u>752</u>	x 1.0	<u>752</u>
1"	<u>3</u>	<u>3</u>	x 2.5	<u>8</u>
1½"	<u>4</u>	<u>4</u>	x 5.0	<u>20</u>
2"	<u>4</u>	<u>4</u>	x 8.0	<u>32</u>
3"			x 15.0	
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u>790</u>	<u>765</u>		<u>862</u>
Total Wastewater Connections	<u>780</u>	<u>755</u>	x 1.0	<u>755</u>

**3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)**

Gallons pumped into system:	48,500,000	Water Accountability Ratio: 95.4% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	46,158,000	
Gallons purchased to customers:	2,512,000	From: City of Arcola
Leaks and Flushing:	2,525,000	

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**4. STANDBY FEES** (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ in which District is located:

City of Arcola, Texas.

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED JUNE 30, 2022**

PROFESSIONAL FEES:	
Auditing	\$ 11,000
Engineering	22,707
Legal	<u>93,449</u>
TOTAL PROFESSIONAL FEES	<u>\$ 127,156</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 16,081
Solid Waste Disposal Operator	113,482
	<u>63,091</u>
TOTAL CONTRACTED SERVICES	<u>\$ 192,654</u>
UTILITIES	<u>\$ 63,609</u>
REPAIRS AND MAINTENANCE	<u>\$ 361,378</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 7,500
Insurance	6,684
Legal Notices	1,744
Office Supplies and Postage	35,214
Payroll Taxes	573
Travel and Meetings	338
Other	<u>1,440</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 53,493</u>
TOTAL CAPITAL OUTLAY	<u>\$ 16,220</u>
TAP CONNECTIONS	<u>\$ 161,962</u>
OTHER EXPENDITURES:	
Chemicals	\$ 19,393
Laboratory Fees	26,471
Permit Fees	3,606
Reconnection Fees	3,440
Inspection Fees	36,380
Regional Water Authority Assessment	229,086
Regulatory Assessment	572
Sludge Hauling	<u>14,875</u>
TOTAL OTHER EXPENDITURES	<u>\$ 333,823</u>
DEBT SERVICE:	
Capital Lease Interest	<u>\$ 18,093</u>
TOTAL EXPENDITURES	<u><u>\$ 1,328,388</u></u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**SCHEDULE OF INVESTMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 889,316	\$
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 310,902	\$
Certificate of Deposit	XXXX6903	0.30%	08/26/22	225,000	207
TOTAL DEBT SERVICE FUND				\$ 535,902	\$ 207
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	\$ 235,653	\$
TOTAL - ALL FUNDS				\$ 1,660,871	\$ 207

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2021	\$	2,325	\$	2,503
Adjustments to Beginning Balance		<u>(98)</u>	\$	<u>2,227</u>
			<u>(105)</u>	\$
				<u>2,398</u>
Original 2021 Tax Levy	\$	744,075	\$	313,295
Adjustment to 2021 Tax Levy		<u>79,099</u>	<u>823,174</u>	<u>33,305</u>
			<u>346,600</u>	
TOTAL TO BE ACCOUNTED FOR		\$	825,401	\$
				348,998
<b>TAX COLLECTIONS:</b>				
Prior Years	\$	2,227	\$	2,398
Current Year		<u>817,620</u>	<u>819,847</u>	<u>344,261</u>
			<u>346,659</u>	
TAXES RECEIVABLE - JUNE 30, 2022		<u>\$</u>	<u>5,554</u>	<u>\$</u>
				<u>2,339</u>
<b>TAXES RECEIVABLE BY YEAR:</b>				
2021		<u>\$</u>	<u>5,554</u>	<u>\$</u>
				<u>2,339</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
PROPERTY VALUATIONS:				
Land	\$ 17,326,882	\$ 12,826,375	\$ 8,533,350	\$ 8,054,360
Improvements	91,952,997	55,498,492	35,076,091	23,347,411
Personal Property	447,580	596,760	291,420	122,670
Exemptions	<u>(23,077,534)</u>	<u>(25,098,495)</u>	<u>(18,513,541)</u>	<u>(19,049,797)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 86,649,925</u>	<u>\$ 43,823,132</u>	<u>\$ 25,387,320</u>	<u>\$ 12,474,644</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.40	\$ 0.70	\$ 0.00	\$ 0.00
Maintenance**	<u>0.95</u>	<u>0.65</u>	<u>1.35</u>	<u>1.35</u>
TOTAL ASSESSMENT RATES PER \$100 VALUATION	<u>\$ 1.35</u>	<u>\$ 1.35</u>	<u>\$ 1.35</u>	<u>\$ 1.35</u>
ADJUSTED TAX LEVY*	<u>\$ 1,169,774</u>	<u>\$ 591,611</u>	<u>\$ 342,729</u>	<u>\$ 168,407</u>
PERCENTAGE OF TAX COLLECTED TO TAXES LEVIED	<u>99.33 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

\* Based upon adjusted tax at time of audit for the fiscal year in which the tax was levied.

\*\* Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on November 2, 2004.

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2022**

S E R I E S   2 0 1 9				
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total	
2023	\$ 45,000	\$ 87,155	\$	132,155
2024	45,000	86,143		131,143
2025	50,000	84,999		134,999
2026	50,000	83,725		133,725
2027	55,000	82,332		137,332
2028	55,000	80,820		135,820
2029	60,000	79,150		139,150
2030	65,000	77,275		142,275
2031	65,000	75,325		140,325
2032	70,000	73,256		143,256
2033	70,000	71,025		141,025
2034	75,000	68,669		143,669
2035	80,000	66,100		146,100
2036	85,000	63,316		148,316
2037	90,000	60,306		150,306
2038	90,000	57,156		147,156
2039	95,000	53,919		148,919
2040	100,000	50,506		150,506
2041	105,000	46,853		151,853
2042	110,000	42,956		152,956
2043	120,000	38,788		158,788
2044	125,000	34,347		159,347
2045	130,000	29,725		159,725
2046	135,000	24,922		159,922
2047	145,000	19,847		164,847
2048	150,000	14,500		164,500
2049	160,000	8,881		168,881
2050	165,000	2,991		167,991
2051				
	\$ 2,590,000	\$ 1,564,987	\$	4,154,987

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2022**

S E R I E S - 2 0 2 2			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2023	\$	\$ 115,592	\$ 115,592
2024		113,387	113,387
2025		113,387	113,387
2026	100,000	111,137	211,137
2027	100,000	106,637	206,637
2028	110,000	101,912	211,912
2029	110,000	97,787	207,787
2030	110,000	94,487	204,487
2031	115,000	91,111	206,111
2032	120,000	87,587	207,587
2033	125,000	84,381	209,381
2034	125,000	81,569	206,569
2035	130,000	78,212	208,212
2036	130,000	74,312	204,312
2037	135,000	70,337	205,337
2038	145,000	66,137	211,137
2039	150,000	61,712	211,712
2040	150,000	57,587	207,587
2041	155,000	53,775	208,775
2042	160,000	49,838	209,838
2043	160,000	45,838	205,838
2044	170,000	41,606	211,606
2045	175,000	37,079	212,079
2046	180,000	32,419	212,419
2047	185,000	27,628	212,628
2048	190,000	22,706	212,706
2049	195,000	17,653	212,653
2050	200,000	12,469	212,469
2051	375,000	4,929	379,929
	\$ 4,000,000	\$ 1,953,211	\$ 5,953,211

See accompanying independent auditor's report.

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**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2022**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	\$ 45,000	\$ 202,747	\$ 247,747
2024	45,000	199,530	244,530
2025	50,000	198,386	248,386
2026	150,000	194,862	344,862
2027	155,000	188,969	343,969
2028	165,000	182,732	347,732
2029	170,000	176,937	346,937
2030	175,000	171,762	346,762
2031	180,000	166,436	346,436
2032	190,000	160,843	350,843
2033	195,000	155,406	350,406
2034	200,000	150,238	350,238
2035	210,000	144,312	354,312
2036	215,000	137,628	352,628
2037	225,000	130,643	355,643
2038	235,000	123,293	358,293
2039	245,000	115,631	360,631
2040	250,000	108,093	358,093
2041	260,000	100,628	360,628
2042	270,000	92,794	362,794
2043	280,000	84,626	364,626
2044	295,000	75,953	370,953
2045	305,000	66,804	371,804
2046	315,000	57,341	372,341
2047	330,000	47,475	377,475
2048	340,000	37,206	377,206
2049	355,000	26,534	381,534
2050	365,000	15,460	380,460
2051	375,000	4,929	379,929
	<u>\$ 6,590,000</u>	<u>\$ 3,518,198</u>	<u>\$ 10,108,198</u>

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**CHANGES IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

Description	Original Bonds Issued	Bonds Outstanding July 1, 2021
Fort Bend Municipal Utility District No. 141 Unlimited Tax Bonds - Series 2019	\$ 2,630,000	\$ 2,630,000
Fort Bend Municipal Utility District No. 141 Unlimited Tax Bonds - Series 2022	<u>4,000,000</u>	<u>                    </u>
<b>TOTAL</b>	<u><u>\$ 6,630,000</u></u>	<u><u>\$ 2,630,000</u></u>

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Park Bonds</u>
Amount Authorized by Voters	\$ 80,950,000	\$ 52,600,000	\$ 4,680,000
Amount Issued	<u>6,630,000</u>	<u>                    </u>	<u>                    </u>
Remaining to be Issued	<u><u>\$ 74,320,000</u></u>	<u><u>\$ 52,600,000</u></u>	<u><u>\$ 4,680,000</u></u>

Debt Service Fund cash, investments and cash with paying agent balances as of  
June 30, 2022: \$ 572,655

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 348,559

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions

Bonds Sold	Retirements		Bonds Outstanding June 30, 2022	Paying Agent
	Principal	Interest		
\$	\$ 40,000	\$ 88,050	\$ 2,590,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>4,000,000</u>			<u>4,000,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 4,000,000</u>	<u>\$ 40,000</u>	<u>\$ 88,050</u>	<u>\$ 6,590,000</u>	

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - FIVE YEARS**

	Amounts		
	2022	2021	2020
<b>REVENUES</b>			
Property Taxes	\$ 819,847	\$ 288,136	\$ 336,798
Water Service	309,074	187,947	136,761
Wastewater Service	240,678	123,469	56,729
Regional Water Authority Fees	223,845	114,487	68,192
Penalty and Interest	10,930	4,217	3,780
Tap Connection and Inspection Fees	385,707	275,405	184,530
Miscellaneous Revenues	29,841	20,645	10,241
<b>TOTAL REVENUES</b>	<u>\$ 2,019,922</u>	<u>\$ 1,014,306</u>	<u>\$ 797,031</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 127,156	\$ 72,015	\$ 84,739
Contracted Services	192,654	121,089	79,455
Repairs and Maintenance	361,378	268,753	232,324
Utilities	63,609	51,922	42,399
Regional Water Authority Assessment	229,086	113,177	63,967
Other	320,192	271,196	177,417
Capital Outlay	16,220		
Debt Service: Capital Lease Interest	18,093		28,000
<b>TOTAL EXPENDITURES</b>	<u>\$ 1,328,388</u>	<u>\$ 898,152</u>	<u>\$ 708,301</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 691,534</u>	<u>\$ 116,154</u>	<u>\$ 88,730</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 25,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$ 691,534	\$ 116,154	\$ 113,730
<b>BEGINNING FUND BALANCE (DEFICIT)</b>	<u>247,372</u>	<u>131,218</u>	<u>17,488</u>
<b>ENDING FUND BALANCE (DEFICIT)</b>	<u>\$ 938,906</u>	<u>\$ 247,372</u>	<u>\$ 131,218</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2019</u>	<u>2018</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 169,309	\$ 35,818	40.6 %	28.4 %	42.1 %	38.0 %	15.2
101,229	74,542	15.3	18.5	17.2	22.7	31.5
50,497	27,926	11.9	12.2	7.1	11.3	11.8
49,461	31,825	11.1	11.3	8.6	11.1	13.5
3,041	1,170	0.5	0.4	0.5	0.7	0.5
65,320	56,345	19.1	27.2	23.2	14.7	23.8
<u>6,569</u>	<u>8,854</u>	<u>1.5</u>	<u>2.0</u>	<u>1.3</u>	<u>1.5</u>	<u>3.7</u>
<u>\$ 445,426</u>	<u>\$ 236,480</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0</u>
\$ 87,747	\$ 68,584	6.3 %	7.1 %	10.6 %	19.7 %	29.0
60,232	42,249	9.5	11.9	10.0	13.5	17.9
126,337	133,543	17.9	26.5	29.1	28.4	56.5
19,983	15,233	3.1	5.1	5.3	4.5	6.4
49,419	30,862	11.3	11.2	8.0	11.1	13.1
88,326	82,054	15.9	26.7	22.3	19.8	34.7
	9,155	0.8				3.9
<u>84,000</u>	<u>84,000</u>	<u>0.9</u>		<u>3.5</u>	<u>18.9</u>	<u>35.5</u>
<u>\$ 516,044</u>	<u>\$ 465,680</u>	<u>65.7 %</u>	<u>88.5 %</u>	<u>88.8 %</u>	<u>115.9 %</u>	<u>197.0</u>
<u>\$ (70,618)</u>	<u>\$ (229,200)</u>	<u>34.3 %</u>	<u>11.5 %</u>	<u>11.2 %</u>	<u>(15.9) %</u>	<u>(97.0)</u>
<u>\$ 225,000</u>	<u>\$ 80,000</u>					
\$ 154,382	\$ (149,200)					
<u>(136,894)</u>	<u>12,306</u>					
<u>\$ 17,488</u>	<u>\$ (136,894)</u>					

See accompanying independent auditor's report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2022	2021	2020
<b>REVENUES</b>			
Property Taxes	\$ 346,659	\$ 304,258	
Penalty and Interest	4,572	4,454	
Miscellaneous Revenues	1,141	311	299
<b>TOTAL REVENUES</b>	<b>\$ 352,372</b>	<b>\$ 309,023</b>	<b>\$ 299</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 18,398	\$ 10,413	\$
Debt Service Principal	40,000		
Debt Service Interest and Fees	88,800	89,200	45,958
Other	3,019	3,200	163
<b>TOTAL EXPENDITURES</b>	<b>\$ 150,217</b>	<b>\$ 102,813</b>	<b>\$ 46,121</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 202,155</b>	<b>\$ 206,210</b>	<b>\$ (45,822)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	\$ - 0 -	\$ - 0 -	\$ 176,900
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 202,155</b>	<b>\$ 206,210</b>	<b>\$ 131,078</b>
<b>BEGINNING FUND BALANCE</b>	<b>337,288</b>	<b>131,078</b>	
<b>ENDING FUND BALANCE</b>	<b>\$ 539,443</b>	<b>\$ 337,288</b>	<b>\$ 131,078</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>765</b>	<b>492</b>	<b>291</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>755</b>	<b>487</b>	<b>286</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2019	2018	2022	2021	2020	2019	2018
		98.4 %	98.5 %			
		1.3	1.4			
		<u>0.3</u>	<u>0.1</u>	<u>100.0</u>		
\$ - 0 -	\$ - 0 -	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>N/A %</u>	<u>N/A %</u>
\$		5.2 %	3.4 %			
		11.4				
		25.2	28.9	15,370.6		
		<u>0.9</u>	<u>1.0</u>	<u>54.5</u>		
\$ - 0 -	\$ - 0 -	<u>42.7 %</u>	<u>33.3 %</u>	<u>15,425.1 %</u>	<u>N/A %</u>	<u>N/A %</u>
\$ - 0 -	\$ - 0 -	<u>57.3 %</u>	<u>66.7 %</u>	<u>(15,325.1) %</u>	<u>N/A %</u>	<u>N/A %</u>
\$ - 0 -	\$ - 0 -					
\$ - 0 -	\$ - 0 -					
<u>N/A</u>	<u>N/A</u>					
<u>148</u>	<u>99</u>					
<u>146</u>	<u>96</u>					

See accompanying independent auditor's report.



**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JUNE 30, 2022**

District Mailing Address - Fort Bend County Municipal Utility District No. 141  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, TX 77027

District Telephone Number - (713) 860-6400

<b>Board Members</b>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended June 30, 2022</u>	<u>Expense Reimbursements for year ended June 30, 2022</u>	<u>Title</u>
Barbara T. Dexter	05/20 05/24 (Elected)	\$ 1,500	\$ 79	President
Carol Junell	05/20 05/24 (Elected)	\$ 1,650	\$ 82	Vice President
Nancy Cobb	05/20 05/24 (Elected)	\$ 1,200	\$ 27	Secretary
Rebecca Kidd	05/22 05/26 (Elected)	\$ 1,500	\$ 93	Assistant Secretary
Joanie A. Haley	05/22 05/26 (Elected)	\$ 1,650	\$ 56	Assistant Vice President

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District’s developers or with any of the District’s consultants.

The submission date of the most recent District Registration Form was: May 19, 2022.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 8, 2005. Fees of Office are the amounts paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 141**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**JUNE 30, 2022**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the Year Ended June 30, 2022</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	05/17/04	\$ 213,676 \$ 119,141	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	05/17/10	\$ 11,000 \$ 6,750	Audit Related/ Bond Related
Myrtle Cruz, Inc.	06/21/04	\$ 17,714	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/16/05	\$ 1,154	Delinquent Tax Attorney
R.G. Miller Engineers, Inc.	05/01/14	\$ 66,325	Engineer
Rathmann & Associates, L.P.	09/20/04	\$ 81,500	Financial Advisor
Mary Jarmon	06/21/04	\$ -0-	Investment Officer
Municipal Operations & Consulting, Inc.	06/25/12	\$ 546,590	Operator
Assessments of the Southwest, Inc.	08/01/04	\$ 7,430	Tax Assessor/ Collector

See accompanying independent auditor's report.



## SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By \_\_\_\_\_  
Authorized Officer

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



