**OFFICIAL STATEMENT DATED AUGUST 30, 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. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

S&P Global Ratings (AGM Insured)........................................ "AA"
Moody's Investors Services, Inc. (AGM Insured) ...............“A1”
Moody's Investors Services, Inc (Underlying)………… "Baa2"
See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein.

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 190**

(A Political Subdivision of the State of Texas located within Fort Bend County, Texas)

| **$7,455,000** | **$4,380,000** |
|---|---|
| **Unlimited Tax Bonds** | **Unlimited Tax Road Bonds** |
| **Series 2023** | **Series 2023A** |

Interest Accrues from: Date of Delivery
Dated: September 1, 2023

Due: September 1, as shown on inside cover hereof

The $7,455,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and the $4,380,000 Unlimited Tax Road Bonds, Series 2023A (the "Series 2023A Bonds," and collectively with the Series 2023 Bonds, the "Bonds"), are obligations solely of Fort Bend County Municipal Utility District No. 190 (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds accrues from the initial date of delivery which is expected to be on or about September 28, 2023 (the "Date of Delivery"), at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2024, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date").

The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds.

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

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

The Series 2023 Bonds constitute the fifth series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system to serve the District (the "System"), and the Series 2023A Bonds represent the fifth series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing roads within the District (the "Road System"). The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are subject to special investment considerations described herein. Bond purchasers are encouraged to read this entire Official Statement, including particularly the section titled "INVESTMENT CONSIDERATIONS," prior to making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as, and if issued by the District and accepted by the winning bidders for the Series 2023 Bonds and the Series 2023A Bonds (collectively, the "Underwriters"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about September 28, 2023.

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

**$7,455,000 Unlimited Tax Bonds, Series 2023**

**$2,035,000 Serial Bonds**

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (a) | CUSIP Number 34685L (b) | Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (a) | CUSIP Number 34685L (b) |
|---|---|---|---|---|---|---|---|---|---|
| 2024 | $ 195,000 | 6.000% | 3.800% | JA3 | 2029 | $205,000 | 6.000% | 3.800% | JF2 |
| 2025 | 170,000 | 6.000% | 3.800% | JB1 | 2030(c) | 210,000 | 6.000% | 3.800% | JG0 |
| 2026 | 175,000 | 6.000% | 3.800% | JC9 | 2031(c) | 220,000 | 6.000% | 3.800% | JH8 |
| 2027 | 185,000 | 6.000% | 3.800% | JD7 | 2032(c) | 235,000 | 6.000% | 3.850% | JJ4 |
| 2028 | 195,000 | 6.000% | 3.800% | JE5 | 2033(c) | 245,000 | 5.000% | 3.900% | JK1 |

**$5,420,000 Term Bonds**

$525,000 Series 2023 Term Bond Due September 1, 2035 (c)(d), Interest Rate: 4.000% (Price: $99.528) (a), CUSIP No. 34685L JM7 (b)

$575,000 Series 2023 Term Bond Due September 1, 2037 (c)(d), Interest Rate: 4.375% (Price: $100.000) (a), CUSIP No. 34685L JP0 (b)

$635,000 Series 2023 Term Bond Due September 1, 2039 (c)(d), Interest Rate: 4.375% (Price: $99.147) (a), CUSIP No. 34685L JR6 (b)

$1,065,000 Series 2023 Term Bond Due September 1, 2042 (c)(d), Interest Rate: 4.500% (Price: $100.000) (a), CUSIP No. 34685L JU9 (b)

$1,220,000 Series 2023 Term Bond Due September 1, 2045 (c)(d), Interest Rate: 4.500% (Price: $98.624) (a), CUSIP No. 34685L JX3 (b)

$1,400,000 Series 2023 Term Bond Due September 1, 2048 (c)(d), Interest Rate: 4.000% (Price: $89.782) (a), CUSIP No. 34685L KA1 (b)

**$4,380,000 Unlimited Tax Road Bonds, Series 2023A**

**$3,820,000 Serial Bonds**

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (a) | CUSIP Number 34685L (b) | Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (a) | CUSIP Number 34685L (b) |
|---|---|---|---|---|---|---|---|---|---|
| 2024 | $110,000 | 6.500% | 3.900% | KB9 | 2038(c) | $180,000 | 4.125% | 4.450% | KR4 |
| 2025 | 100,000 | 6.500% | 3.850% | KC7 | 2039(c) | 190,000 | 4.250% | 4.500% | KS2 |
| 2026 | 105,000 | 6.500% | 3.800% | KD5 | 2040(c) | 200,000 | 4.375% | 4.550% | KT0 |
| 2027 | 110,000 | 6.500% | 3.800% | KE3 | 2041(c) | 210,000 | 4.375% | 4.600% | KU7 |
| 2028 | 115,000 | 6.500% | 3.800% | KF0 | 2042(c) | 220,000 | 4.375% | 4.640% | KV5 |
| 2029 | 120,000 | 6.500% | 3.800% | KG8 | 2043(c) | 230,000 | 4.500% | 4.680% | KW3 |
| 2030(c) | 125,000 | 4.250% | 3.900% | KH6 | 2044(c) | 240,000 | 4.500% | 4.700% | KX1 |
| *** | *** | *** | *** | *** | 2045(c) | 250,000 | 4.500% | 4.710% | KY9 |
| 2035(c) | 155,000 | 4.000% | 4.300% | KN3 | 2046(c) | 260,000 | 4.500% | 4.720% | KZ6 |
| 2036(c) | 165,000 | 4.000% | 4.350% | KP8 | 2047(c) | 275,000 | 4.500% | 4.730% | LA0 |
| 2037(c) | 170,000 | 4.125% | 4.400% | KQ6 | 2048(c) | 290,000 | 4.500% | 4.740% | LB8 |

**$560,000 Term Bonds**

$265,000 Series 2023A Term Bond Due September 1, 2032 (c)(d), Interest Rate: 4.000% (Price: $100.000) (a), CUSIP No. 34685L KK9 (b)

$295,000 Series 2023A Term Bond Due September 1, 2034 (c)(d), Interest Rate: 4.000% (Price: $98.690) (a), CUSIP No. 34685L KM5 (b)

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(a) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first call date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Underwriters. The yields may be changed at any time at the discretion of the Underwriters.

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

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

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

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not alone 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, contracts, records, 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 Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 for further information.

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

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

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the 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, other matters described in the Official Statement until delivery of the Bonds to the Underwriters and thereafter only as specified in "OFFICIAL STATEMENT – Updating of Official Statement." The District has undertaken no other reporting obligations except as described herein under "CONTINUING DISCLOSURE OF INFORMATION."

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## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Series 2023 Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by FMSbonds, Inc. (the "Series 2023 Bonds Underwriter") to purchase the Series 2023 Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" at a price of 97.002275% of the par value thereof, which resulted in a net effective interest rate of 4.636003%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Series 2023A Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Series 2023A Bonds Underwriter") to purchase the Series 2023A Bonds bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" at a price of 97.015616% of the par value thereof, which resulted in a net effective interest rate of 4.631354%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Throughout this Official Statement, the term "Underwriters" refers to the Series 2023 Bonds Underwriter in its capacity as purchaser of the Series 2023 Bonds and to the Series 2023A Bonds Underwriter in its capacity as purchaser of the Series 2023A Bonds.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Underwriters. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by and are the sole responsibility of the Underwriters.

### Prices and Marketability

The delivery of the Bonds is condition upon the receipt by the District of a certificate executed and delivered by the Underwriters on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each series and maturity has been sold to be public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or price is the sole responsibility of the Underwriters.

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

### Securities Laws

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

## MUNICIPAL BOND INSURANCE

### Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policies for the Bonds (each a “Bond Insurance Policy" and collectively, the “Bond Insurance Policies”). 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 subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

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

*Current Financial Strength Ratings*

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

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

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

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

*Capitalization of AGM*

At June 30, 2023:

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

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

*Incorporation of Certain Documents by Reference*

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

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

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

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

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

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

*Miscellaneous Matters*

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

## RATINGS

The Bonds have received an insured rating of "AA" (stable outlook) from S&P solely in reliance upon the issuance and delivery of the Policy by AGM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Bonds are expected to receive an insured rating of "A1" (stable outlook) from Moody's solely in reliance upon the issuance and delivery of the Policy by AGM at the time of delivery of the Bonds. Moody's has assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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

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

## OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

### THE BONDS

The District.............................................................. Fort Bend County Municipal Utility District No. 190 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."

The Bonds.............................................................. The District's $7,455,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds"), are dated September 1, 2023, and mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. The District's $4,380,000 Unlimited Tax Road Bonds, Series 2023A (the "Series 2023A Bonds"), are dated September 1, 2023, and mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. The Series 2023 Bonds and the Series 2023A Bonds are hereinafter referred to collectively as the "Bonds."

Interest on the Bonds accrues from the initial date of delivery which is expected to be on or about September 28, 2023 (the "Date of Delivery"), at the rates per annum set forth 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 earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."

Redemption Provisions ..................................... The Bonds maturing on and after September 1, 2030, are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2029, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS — Redemption Provisions – *Optional Redemption*."

The Series 2023 Bonds maturing on September 1, 2024, through September 1, 2033, both inclusive, are serial bonds. The Series 2023 Bonds maturing on September 1, 2035, 2037, 2039, 2042, 2045, and 2048 are term bonds (the "Series 2023 Term Bonds"), which are subject to certain mandatory sinking fund redemption provisions set out herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

The Series 2023A Bonds maturing on September 1, 2024, through September 1, 2030, both inclusive, and September 1, 2035 through September 1, 2048, both inclusive, are serial bonds. The Series 2023A Bonds maturing on September 1, 2032, and 2034 (the "Series 2023A Term Bonds") are term bonds, which are subject to certain mandatory redemption provisions set out herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

Source of Payment................................................ Principal of and interest on the Bonds of the respective series are payable from the proceeds of two (2) separate continuing direct annual ad valorem taxes levied upon all taxable property within the District, each without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of

| | |
|---|---|
| | the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; or any other political subdivision or entity other than the District. See "THE BONDS — Source of Payment." |
| Authority for Issuance | The Series 2023 Bonds are the fifth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system to serve the District (the "System"), and the Series 2023A Bonds are the fifth series of unlimited tax bonds to be issued by the District for the purpose of acquiring or constructing roads within the District (the "Road System"). Voters in the District have authorized a total of $131,630,200 principal amount of unlimited tax bonds for the System and for refunding bonds issued for the System and $70,708,000 principal amount of unlimited tax bonds for the Road System and for refunding bonds issued for the Road System. Voters in the District have also authorized a total of $19,500,000 principal amount of bonds for parks and recreational facilities and for refunding such bonds. Following the issuance of the Bonds, $89,480,200 principal amount of unlimited tax bonds for the System and for refunding such bonds, $54,268,000 principal amount of unlimited tax bonds for the Road System and for refunding such bonds, and $19,500,000 principal amount of unlimited tax bonds for parks and recreational facilities and for refunding such bonds, will remain authorized and unissued.<br><br>The Series 2023 Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8233, Special District Local Laws Code; a resolution adopted by the Board of Directors of the District on the date of sale of the Series 2023 Bonds (the "Series 2023 Bond Resolution"); and an election held within the District on May 6, 2017. The Series 2023A Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, and Chapter 8233, Special District Local Laws Code; a resolution adopted by the Board of Directors of the District on the date of sale of the Series 2023A Bonds (the "Series 2023A Bond Resolution"); and an election held within the District on May 6, 2017. See "THE BONDS – Authority for Issuance." |
| Outstanding Bonds | The District has previously issued four (4) series of unlimited tax bonds for System purposes and four (4) series of unlimited tax bonds for Road System purposes. Of such series of bonds, $45,000,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds." |
| Payment Record | The District has never defaulted on the timely payment of principal or interest on its bonded indebtedness. See "THE BONDS – Payment Record." |
| Use of Proceeds of Series 2023 Bonds | The proceeds of the Series 2023 Bonds will be used to reimburse the Developer (herein defined) for the project costs provided herein under "USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2023 BONDS." Additionally, proceeds from the Series 2023 Bonds will be |

used to pay developer interest, costs of issuance of the Series 2023 Bonds, and those other non-construction costs provided under "USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2023 BONDS."

Use of Proceeds of Series 2023A Bonds...... Proceeds from the sale of the Series 2023A Bonds will be used to reimburse the Developer for eligible road construction costs, and to pay developer interest, costs of issuance of the Series 2023A Bonds, and those other non-construction costs provided under "USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2023A 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.

Municipal Bond Insurance ............................... Assured Guaranty Municipal Corp. ("AGM"). See "MUNICIPAL BOND INSURANCE."

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

General & Bond Counsel.................................... Allen Boone Humphries Robinson LLP, Houston, Texas.

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

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

Engineer .................................................................... Quiddity Engineering, LLC., Bellaire, Texas.

**THE DISTRICT**

General........................................................................ The District was created by Chapter 8233, Special District Local Laws Code. The District comprises approximately 437 total acres. See "THE DISTRICT – General."

Location ...................................................................... The District is located entirely within Fort Bend County, Texas, approximately 20 miles west of the central business district of the City of Houston, Texas. The District is bounded on the west by Harlem Road, on the north by Westpark Tollway, on the south by Fort Bend Municipal Utility District No. 30, and on the east by the subdivision of Big Oaks. Additionally, the District is located entirely within the extraterritorial jurisdiction ("ETJ") of the City of Houston, Texas. See "THE DISTRICT – Location" and "APPENDIX B."

Developer and Principal Landowner............ The developer of land within the District is D.R. Horton-Texas, Ltd., a Texas limited partnership ("DR Horton"), which is controlled by D.R. Horton Inc. ("DHI"), a Delaware corporation and a publicly traded corporation. DR Horton is referred to herein as the "Developer," and currently owns the remaining undeveloped but developable acres within the District. See "THE DEVELOPER."

Development within the District.................... Approximately 338.25 acres (1,383 lots) within the District have been developed as the single-family residential subdivisions of Grand Vista Lakes, Sections 2 and 3, and Lakeview Retreat, Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12. As of August 1, 2023, single-family residential development in the District included: approximately 1,382 completed homes (approximately 1,379 occupied, approximately 2 unoccupied, and 1 model home); approximately 1 home under construction; and 0 vacant developed lots. The District also includes a 300-unit apartment complex, trails

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| | and a recreational center including a pool, a picnic pavilion, and a playground.<br><br>Additionally, the District contains D.R. Horton's Houston South corporate headquarters on approximately 6.50 acres fronting the Westpark Tollway. The remaining land within the District is comprised of approximately 25.18 developed acres as Grand Vista Lakes Boulevard, approximately 3.47 undeveloped but developable acres and approximately 63.91 undevelopable acres. See "DEVELOPMENT WITHIN THE DISTRICT." |
| Homebuilders ........................................................ | Homebuilding began in the District in 2017. The only active homebuilder within the District is D.R. Horton. New homes being constructed in the District range in price from approximately \$329,000 to \$371,000 and range in size from approximately 1,442 square feet to 2,639 square feet. |

## INVESTMENT CONSIDERATIONS

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

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## SELECTED FINANCIAL INFORMATION

## (UNAUDITED)

| | | | |
|---|---|---|---|
| 2023 Certified Taxable Assessed Valuation | $ | 509,344,135 | (a) |
| Direct Debt: | | | |
| The Outstanding Bonds (as of delivery of the Bonds) | $ | 45,000,000 | |
| The Series 2023 Bonds | | 7,455,000 | |
| The Series 2023A Bonds | | 4,380,000 | |
| Total | $ | 56,835,000 | |
| Estimated Overlapping Debt | $ | 17,021,842 | (b) |
| Total Direct and Estimated Overlapping Debt | $ | 73,856,842 | (b) |
| Direct Debt Ratios: | | | |
| As a percentage of 2023 Certified Taxable Assessed Valuation | | 11.16 | % |
| Direct and Estimated Overlapping Debt Ratios: | | | |
| As a percentage of 2023 Certified Taxable Assessed Valuation | | 14.50 | % |
| System Debt Service Fund Balance (as of August 8, 2023) | $ | 2,113,963 | (c) |
| Road System Debt Service Fund (as of August 8, 2023) | $ | 795,705 | (d) |
| Construction Fund Balance (as of August 8, 2023) | $ | 2,695 | |
| Road Construction Fund Balance (as of August 8, 2023) | $ | 16,531 | |
| Operating Fund Balance (as of August 8, 2023) | $ | 3,715,242 | |
| 2022 Tax Rate | | | |
| Utility System Debt Service | | $0.505 | |
| Road System Debt Service | | 0.170 | |
| Maintenance & Operation | | 0.545 | |
| Total | | $1.220 | (e) |
| Average Annual Debt Service Requirement (2024-2048) | $ | 3,339,778 | (f) |
| Maximum Annual Debt Service Requirement (2044) | $ | 3,709,988 | (f) |
| Debt Service Tax Rate per $100 of Taxable Value Required to Pay Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2024-2048) at 95% Tax Collections Based on 2023 Certified Taxable Assessed Valuation | | $0.70 | (g) |
| Debt Service Tax Rate per $100 of Taxable Value Required to Pay Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2044) at 95% Tax Collections Based on 2023 Certified Taxable Assessed Valuation | | $0.77 | (g) |

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(a) Represents the taxable assessed value of all taxable property within the District as of January 1, 2023, provided by the Fort Bend Central Appraisal District ("FBCAD"). This amount includes $2,158,492 of uncertified value, which represents 80% of the total uncertified value provided by FBCAD which is the estimated minimum amount of uncertified value that will ultimately be certified. See "TAX DATA" and "TAXING PROCEDURES."

(b) See "DISTRICT FINANCIAL DATA — Estimated Direct and Overlapping Debt Statement."

(c) Neither Texas law nor the Series 2023 Bond Resolution requires that the District maintain any particular sum in the System Debt Service Fund. Funds in the System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (including the Series 2023A Bonds).

(d) Neither Texas law nor the Series 2023A Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund. Funds in the Road Debt Service Fund are not available to pay debt service on bonds issued by the District for the System (including the Series 2023 Bonds).

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

(f) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DEBT SERVICE REQUIREMENTS."

(g) See "TAX DATA – Tax Rate Calculation."

**OFFICIAL STATEMENT**

**relating to**

**FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 190**

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

| | |
|---|---|
| **$7,455,000**<br>**Unlimited Tax Bonds**<br>**Series 2023** | **$4,380,000**<br>**Unlimited Tax Road Bonds**<br>**Series 2023A** |

## INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 190 (the "District") of its $7,455,000 Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and its $4,380,000 Unlimited Tax Road Bonds, Series 2023A (the "Series 2023A Bonds"). The Series 2023 Bonds and the Series 2023A Bonds are referred to collectively herein as the "Bonds."

The Series 2023 Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"); Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8233, Special District Local Laws Code; a resolution (the "Series 2023 Bond Resolution") adopted by the Board of Directors of the District (the "Board") on the date of sale of the Series 2023 Bonds; and an election held within the District on May 6, 2017.

The Series 2023A Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, and Chapter 8233, Special District Local Laws Code, as amended; a resolution (the "Series 2023A Bond Resolution") adopted by the Board on the date of sale of the Series 2023A Bonds; and an election held within the District on May 6, 2017.

The Series 2023 Bond Resolution and the Series 2023A Bond Resolution are collectively referred to hereinafter as the "Bond Resolutions," and, unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Resolutions.

Included in this Official Statement are descriptions of the Bonds and certain information about the District, the Developer in the District, and the District's finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 or during the offering period from the District's Financial Advisor, Robert W. Baird & Co., Incorporated, Attn: Adam Cohen, 4801 Woodway Drive, Suite 118-E Houston, Texas 77056 upon payment of reasonable copying, mailing and handling charges.

## THE BONDS

### General

The Bonds are dated September 1, 2023, will bear interest from the initial date of delivery, which is expected on or about September 28, 2023 (the "Date of Delivery"), mature on September 1 in each of the years and in the principal amounts, and bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on March 1, 2024, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar (herein defined) to Registered Owners (herein defined) as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner. The Bonds will be issued in fully registered form only, without coupons, in the denomination of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner ("Registered Owner") and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar").

**Redemption Provisions**

*Optional Redemption*

The Bonds maturing on and after September 1, 2030, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2029, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption.

The Paying Agent/Registrar shall give written notice of redemption, by registered mail not less than thirty (30) days prior to the redemption date, to the Registered Owner of each bond to be redeemed but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same series and maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular series and maturities of Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular series and maturity are to be redeemed, the Paying Agent/Registrar is required to select the Bonds of such series and maturity to be redeemed by lot.

*Mandatory Redemption*

The Series 2023 Bonds maturing on September 1, 2035, 2037, 2039, 2042, 2045, and 2048 are term bonds (the "Series 2023 Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Series 2023 Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amounts set forth in the following schedule:

$525,000 Series 2023 Term Bond Maturing on September 1, 2035

| Mandatory Redemption Date | Principal Amount |
|---|---|
| September 1, 2034 | $ 255,000 |
| September 1, 2035 (Maturity) | $ 270,000 |

$575,000 Series 2023 Term Bond Maturing on September 1, 2037

| Mandatory Redemption Date | Principal Amount |
|---|---|
| September 1, 2036 | $ 280,000 |
| September 1, 2037 (Maturity) | $ 295,000 |

$635,000 Series 2023 Term Bond Maturing on September 1, 2039

| Mandatory Redemption Date | Principal Amount |
|---|---|
| September 1, 2038 | $ 310,000 |
| September 1, 2039 (Maturity) | $ 325,000 |

$1,065,000 Series 2023 Term Bond Maturing on September 1, 2042

| Mandatory Redemption Date | Principal Amount |
|---|---|
| September 1, 2040 | $ 340,000 |
| September 1, 2041 | $ 355,000 |
| September 1, 2042 (Maturity) | $ 370,000 |

$1,220,000 Series 2023 Term Bond Maturing on September 1, 2045

| Mandatory Redemption Date | Principal Amount |
|---|---|
| September 1, 2043 | $ 390,000 |
| September 1, 2044 | $ 405,000 |
| September 1, 2045 (Maturity) | $ 425,000 |

$1,400,000 Series 2023 Term Bond Maturing on September 1, 2048

| Mandatory Redemption Date | Principal Amount |
|---|---|
| September 1, 2046 | $ 445,000 |
| September 1, 2047 | $ 465,000 |
| September 1, 2048 (Maturity) | $ 490,000 |

The Series 2023A Bonds maturing on September 1, 2032 and 2034 are term bonds (the "Series 2023A Term Bonds and, together with the Series 2023 Term Bonds, the "Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Series 2023A Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the Mandatory Redemption Date, and in the principal amounts set forth in the following schedule:

$265,000 Series 2023A Term Bond Maturing on September 1, 2032

| Mandatory Redemption Date | Principal Amount |
|---|---|
| September 1, 2031 | $ 130,000 |
| September 1, 2032 (Maturity) | $ 135,000 |

$295,000 Series 2023A Term Bond Maturing on September 1, 2034

| Mandatory Redemption Date | Principal Amount |
|---|---|
| September 1, 2033 | $ 145,000 |
| September 1, 2034 (Maturity) | $ 150,000 |

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

**Registration, Transfer and Exchange**

In the event the Book-Entry-Only System (hereinafter defined) should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. 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 Registered Owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying

Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one series and maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

**Mutilated, Lost, Stolen or Destroyed Bonds**

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

**Replacement of Paying Agent/Registrar**

The Board has selected BOKF, NA, Dallas, Texas, as the initial Paying Agent/Registrar. The initial designated payment office for the Bonds is located in Dallas, Texas.

Provision is made in the Bond Resolutions for replacement of the Paying Agent/Registrar by the District. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be a national or state banking institution, a corporation 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, to act as paying agent for the Bonds.

**Source of Payment**

The Bonds of the respective series are payable from the proceeds of separate ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property located within the District. Bonds issued for System (defined herein) purposes and for Road System (defined herein) purposes are each supported by a separate unlimited tax levied by the District.

In the Series 2023 Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Series 2023 Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the Fort Bend Central Appraisal District (the "FBCAD"). Tax proceeds, after deduction for collection costs, will be placed in a debt service fund for the System (the "System Debt Service Fund") and used solely to pay principal of and interest on the Series 2023 Bonds, the Outstanding Bonds issued for the System, any additional bonds payable from taxes which may be issued for the System, and fees of the Paying Agent/Registrar. Amounts on deposit in the System Debt Service Fund may not be used to pay debt service on bonds issued by the District for the Road System, including the Series 2023A Bonds.

In the Series 2023A Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Series 2023A Bonds, with full allowance being made for delinquencies, costs of collections, Paying Agent/Registrar fees, and fees of the FBCAD. Tax proceeds, after deduction for collection costs, will be placed in a debt service fund for the Road System (the "Road Debt Service Fund") and used solely to pay principal of and interest on the Series 2023A Bonds, the Outstanding Bonds issued for the Road System, any additional bonds payable from taxes which may be issued for the Road System, and fees of the Paying Agent/Registrar. Amounts on deposit in the Road Debt Service Fund may not be used to pay debt service on bonds issued by the District for the System, including the Series 2023 Bonds.

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

**Outstanding Bonds**

The District has previously issued four (4) series of unlimited tax bonds for System purposes and four (4) series of unlimited tax bonds for Road System purposes. Of such series of bonds, $45,000,000 principal amount will remain outstanding as of the Date of Delivery (the "Outstanding Bonds").

**Funds**

The Bond Resolutions confirm the District's System Debt Service Fund and the Road Debt Service Fund, respectively. The System Debt Service Fund and the Road Debt Service Fund, which constitute a trust fund for the benefit of the owners of the respective series of Bonds, the Outstanding Bonds issued for the System and the Road System, respectively, and any additional tax bonds issued by the District issued for the System and the Road System, respectively, are to be kept separate from all other funds of the District, and are to be used for payment of debt service on each of the respective series of Bonds, the Outstanding Bonds issued for the System and the Road System, respectively, and any of the District's duly authorized additional bonds payable in whole or part from taxes issued for the System and the Road System, respectively. Amounts on deposit in the System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessed and collecting taxes levied for payment of interest on and principal of the Series 2023 Bonds, the Outstanding Bonds issued for the System and any additional bonds payable in whole or in part from taxes issued for the System, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessed and collecting taxes levied for payment of interest on and principal of the Series 2023A Bonds, the Outstanding Bonds issued for the Road System and any additional bonds payable in whole or in part from taxes for the Road System, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

**Payment Record**

The District has never defaulted on the timely payment of principal or interest on its outstanding indebtedness.

**Authority for Issuance**

The Series 2023 Bonds constitute the fifth series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District and the Series 2023A Bonds represent the fifth series of unlimited tax bonds issued by the District for the purposes of acquiring or constructing roads in the District (the "Road System"). Voters in the District have authorized a total of $131,630,200 principal amount of bonds for the System (and for refunding such bonds) and $70,708,000 principal amount of unlimited tax bonds for the Road System (and for refunding such bonds). Voters in the District have also authorized the District's issuance of a total of $19,500,000 principal amount of unlimited tax bonds for parks and recreational facilities (and for the refunding of such bonds).

The Series 2023 Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8233, Special District Local Laws Code, the Series 2023 Bond Resolution, an election held in the District on May 6, 2017, and an approving order of the TCEQ.

The Series 2023A Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 8233, Special District Local Laws Code, the Series 2023A Bond Resolution, and an election held in the District on May 6, 2017.

**Issuance of Additional Debt**

The District may issue additional bonds. Following the issuance of the Bonds, $89,480,200 principal amount of unlimited tax bonds for the System (and for refunding such bonds), $54,268,000 principal amount of unlimited tax bonds for the Road System (and for refunding such Bonds), and $19,500,000 principal amount of unlimited tax bonds for parks and recreational facilities (and for refunding such bonds) will remain authorized and unissued.

The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. The principal amount of park bonds sold by the District is limited to 1% of the District's taxable assessed valuation, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not 3% of the value of the taxable property in the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, Quiddity Engineering, LLC. (the "Engineer"), following reimbursement with the proceeds of the Bonds, the District will have adequate authorized but unissued bonds to reimburse the Developer the remaining amounts owed for the existing utility facilities and roads, and to finance the extension of water, wastewater and storm drainage facilities and services to serve the remaining undeveloped land within the District. See "DEVELOPMENT WITHIN THE DISTRICT," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS — Future Debt."

**Remedies in Event of Default**

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

**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 might 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.

**Annexation**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"), the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston 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 of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

**Consolidation**

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

**No Arbitrage**

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

**Defeasance**

The Bond Resolutions provide that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of 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, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

## BOOK-ENTRY-ONLY SYSTEM

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

*The District cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participant, (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.*

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase 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 Paying Agent/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.

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

Redemption proceeds, distributions, and dividend 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 District or Agent, 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, Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Agent, 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.

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

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

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

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**USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2023 BONDS**

Proceeds from the Series 2023 Bonds will be used to reimburse the Developer for the project costs listed below. Additionally, proceeds from the Series 2023 Bonds will be used to pay developer interest, costs of issuance of the Series 2023 Bonds, and those other non-construction costs provided below.

| CONSTRUCTION COSTS | Amount |
|---|---|
| A. Developer Contribution Items | |
| 1. Lakeview Retreat Phase 5 - Detention | $ 455,267 |
| 2. Lakeview Retreat Section 5 - W, WW, & D | 1,158,981 |
| 3. Lakeview Retreat Section 6 - W, WW, & D | 618,099 |
| 4. Engineering (26.73% of Items 2 & 3) | 475,023 |
| Total Developer Contribution Items | $ 2,707,370 |
| B. District Items | |
| 1. WP 1 | 773,600 |
| 2. WWTP Expansion | 768,299 |
| 3. LS 1 | 720,912 |
| 4. Engineering (25.75% of Items 1 - 3) | 582,786 |
| Total District Items | $ 2,845,597 |
| Total Construction Costs | $ 5,552,967 |
| **NON-CONSTRUCTION COSTS** | |
| A. Legal Fees | $ 189,100 |
| B. Fiscal Agent Fees | 149,100 |
| C. Developer Interest | 1,222,085 |
| D. Bond Discount | 223,480 |
| E. Bond Issuance Expenses | 42,005 |
| F. Bond Application Report Costs | 50,000 |
| G. Attorney General's Fee | 7,455 |
| H. TCEQ Bond Issuance Fee (0.25%) | 18,638 |
| I. Contingency (a) | 170 |
| Total Non-Construction Costs | $ 1,902,033 |
| **TOTAL BOND ISSUE REQUIREMENT** | **$ 7,455,000** |

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

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.

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## USE AND DISTRIBUTION OF PROCEEDS OF SERIES 2023A BONDS

Proceeds from the sale of the Series 2023A Bonds will be used to reimburse the Developer for the project costs listed below, to pay developer interest, costs of issuance of the Series 2023A Bonds, and those other non-construction costs provided below. Sums may not total due to rounding.

| **CONSTRUCTION COSTS** | | **Amount** |
|---|---|---|
| A. | Paving Facilities in Bellaire Blvd. Street Section 1 Phase 1 & Lakeview Retreat Section 2 Phase 1 | $ 301,285 |
| B. | Paving Facilities in Bellaire Blvd. Street Section 1 Phase 2 & Lakeview Retreat Section 2 Phase 2 | 604,404 |
| C. | Construction of Water, Sanitary and Drainage and Paving Facilities in Lakeview Retreat Section 9 & 11 | 1,198,723 |
| D. | Engineering (Items 1-3) | 189,821 |
| E. | Land Acquisition | |
| | a. ROW within Lakeview Retreat Sec. 2 | 454,857 |
| | b. ROW within Lakeview Retreat Sec. 9 | 28,086 |
| | c. ROW within Lakeview Retreat Sec. 11 | $ 1,187,745 |
| | Total Construction Costs (83.23% of BIR) | $ 3,964,921 |
| | Less Surplus Funds Applied from Previous Road Bond Issues | (342,310) |
| | Net Construction Costs (82.71% of BIR) | $ 3,622,611 |
| **NON-CONSTRUCTION COSTS** | | |
| A. | Legal Fees | $ 124,500 |
| B. | Fiscal Agent Fees | 87,600 |
| C. | Developer Interest | 360,139 |
| D. | Bond Discount | 130,716 |
| E. | Bond Issuance Expenses | 34,371 |
| F. | Engineering Report Cost | 15,000 |
| G. | Attorney General's Fee (0.10%) | 4,380 |
| H. | Contingency (a) | $ 683 |
| | Total Non-Construction Costs | $ 757,389 |
| **TOTAL BOND ISSUE REQUIREMENT** | | **$ 4,380,000** |

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

The construction costs described above were compiled by the Engineer, based, in some cases, on the estimated costs of facilities. Non-construction costs are based upon either contract amounts or estimates. In the instance that estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for roads or improvements in aid thereof. However, the District cannot and does not guarantee the sufficiency of such bonds for such purposes.

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## INVESTMENT CONSIDERATIONS

### General

The Bonds, which are obligations of the District and not of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; or any political subdivision other than the District, will be secured by two (2) separate continuing direct annual ad valorem taxes, each without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. See "DEVELOPMENT WITHIN THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

### Extreme Weather Events/Hurricane Harvey

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms, hurricanes, tornadoes, flooding, and other natural disasters. 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.

On August 25, 2017, Hurricane Harvey made landfall on the Texas Gulf Coast. The Houston area, including Fort Bend County, Texas, sustained widespread rain damage and flooding as a result of Hurricane Harvey's landfall, and historic levels of rainfall during the succeeding four days.

According to the Engineer, the District's water, sanitary sewer, and drainage facilities sustained no damage as a result of Hurricane Harvey, and there was no interruption of water and sewer service. Furthermore, according to the Developer and the Engineer, there were no homes in the District that experienced flooding or structural damage. The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region. See "TAXING PROCEDURES – Valuation of Property for Taxation."

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

### Special Flood Type Risks

The District may be subject to the following flood risks:

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

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

**Potential Effects of Oil Price Fluctuations on the Houston Area**

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

**Factors Affecting Taxable Values and Tax Payments**

*Economic Factors:* The rate of development within the District is directly related to the vitality of the single-family housing industry in the Houston metropolitan area. New single-family construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of such construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development in the District. See "DEVELOPMENT WITHIN THE DISTRICT."

*Location and Access:* The District is located in an outlying area of the Houston metropolitan area, approximately 20 miles west of the central business district of the City of Houston. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

*Competition:* The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously owned single-family homes in more established commercial centers and neighborhoods closer to Houston that are for sale. Such existing developments could represent additional competition for new development proposed to be constructed within the District.

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

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

*Dependence on Principal Taxpayers:* The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," as of January 1, 2023, the District's principal taxpayers owned the aggregate assessed taxable valuation of property located within the District comprised of approximately 8.63% of the District's total assessed valuation. The Developer own approximately 1.58% of the District's assessed taxable valuation as of January 1, 2023. See "THE DEVELOPER."

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

*Impact on District Tax Rates:* Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The 2023 Certified Taxable Assessed Valuation is $509,344,135. See "DISTRICT FINANCIAL DATA" and "TAX DATA – Tax Rate Calculations."

After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds is $3,709,988 (2044) and the average annual debt service requirement on the Outstanding Bonds and the Bonds is $3,339,778 (2024-2048). Based on the District's 2023 Certified Taxable Assessed Valuation, no use of funds on hand, at a 95% tax collection rate, tax rates of $0.77 and $0.70 per $100 assessed valuation would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "DEBT SERVICE REQUIREMENTS" and "TAX DATA — Tax Rate Calculations."

**Tax Collections Limitations**

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (d) the taxpayer's right to redeem the property within six months for commercial property and two years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES."

**Registered Owners' Remedies and Bankruptcy Limitations**

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901- 946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable 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. Special districts such as the District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other claims against a district.

The district may not be placed into bankruptcy involuntarily.

**Marketability**

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

### Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolutions on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

### 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.

### Future Debt

After the issuance of the Bonds, the District will have $89,480,200 principal amount of unlimited tax bonds authorized but unissued for the System (and for refunding such bonds), $54,268,000 principal amount of unlimited tax bonds for the Road System (and for refunding such bonds), and $19,500,000 principal amount of unlimited tax bonds for park and recreational facilities (and for refunding such bonds) (see "THE BONDS – Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations, as described in the Bond Resolutions. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

The principal amount of bonds issued to finance parks and recreational facilities may not exceed 1% of the District's assessed value, however, if the District meets certain financial feasibility requirements under TCEQ rules, the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not 3% of the value of taxable property in the District.

Following reimbursement with the proceeds of the Bonds, the District will still owe the Developer a combined amount of approximately $7,900,000 for prior reimbursable expenditures advanced to construct the System and the Road System. See "THE SYSTEM" and "DEVELOPMENT WITHIN THE DISTRICT."

### Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Series 2023 Bonds have been approved, subject to certain conditions, by the TCEQ. The Series 2023A Bonds are not subject to TCEQ approval. In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery.

Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

### Environmental Regulations

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

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

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

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

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

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

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

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

**Bond Insurance Risk Factors**

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

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

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

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

The obligations of the Bond Insurer are contractual obligations and in an event of default by the Bond Insurer, the remedies available may be limited by applicable bankruptcy law or state law related to insolvency of insurance companies.

Neither the District nor the Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" and "RATINGS" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

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**Photographs Taken Within The District**

**(August 2023)**

**Photographs Taken Within The District**

**(August 2023)**


## THE DISTRICT

### General

The District is a political subdivision of the State of Texas, operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended, and Chapter 8233, Special District Local Laws Code. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District is empowered, among other things, to purchase, construct and maintain roads in the District. The District may also provide solid waste collection and disposal service and operate, maintain and construct recreational facilities. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

### Location

The District is located entirely within Fort Bend County, Texas, approximately 20 miles west of the central business district of the City of Houston, Texas. The District is bounded on the west by Harlem Road, on the north by Westpark Tollway, on the south by Fort Bend County Municipal Utility District No. 30, and on the east by Big Oaks Municipal Utility District. The District is located entirely within the extraterritorial jurisdiction ("ETJ") of the City of Houston, Texas. See "APPENDIX B – AERIAL OF THE DISTRICT."

### Management of the District

***- Board of Directors -***

The District is governed by a Board, consisting of five directors, which has control over and management and supervision of all affairs of the District. Directors serve staggered, four-year terms, with elections held within the District on the first Saturday in May in each even numbered year. All of the directors own property in the District subject to a promissory note in favor of the Developer and secured by a deed of trust.

| Name | Position | Term Expires May |
|---|---|---|
| Randy Young | President | 2026 |
| Tracy Youngblood | Vice President | 2026 |
| Ronald D. Petersen | Assistant Vice President | 2026 |
| Dietra Young | Secretary | 2024 |
| Shannon M. Frederick | Assistant Secretary | 2024 |

***- Consultants -***

*Tax Assessor/Collector:* Land and improvements in the District are appraised by the Fort Bend Central Appraisal District ("FBCAD"). The Tax Assessor/Collector for the District is Assessments of the Southwest, Inc.

*Bookkeeper:* The District contracts with Myrtle Cruz, Inc. as bookkeeper for the District.

*Engineer:* The District's consulting engineer is Quiddity Engineering, LLC.

*Auditor:* As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which financial statements are filed with the TCEQ. A copy of the District's financial statements audited by McGrath & Co., PLLC for the fiscal year ended June 30, 2022, is included as "APPENDIX A" to this Official Statement.

*Financial Advisor:* Robert W. Baird & Co. Incorporated, serves as the District's financial advisor (the "Financial Advisor"). The fee for services rendered in connection with the issuance of the Bonds is based on the percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. The Financial Advisor is employed by the District and is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement that has been supplied or provided by third-parties. See "OFFICIAL STATEMENT – Experts."

*Bond & General Counsel:* The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as the District's general counsel.

*Disclosure Counsel:* The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel. The fees of Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

## THE DEVELOPER

### The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of its 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 a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

### Description of the Developer and Principal Landowner

The developer of land within the District is D.R. Horton-Texas, Ltd., a Texas limited partnership ("DR Horton"), which is controlled by D.R. Horton Inc. ("DHI"), a Delaware corporation and a publicly traded corporation. DR Horton is referred to herein as the "Developer," and currently owns the remaining undeveloped but developable acres within the District.

DHI is a publicly traded corporation whose stock is listed on the New York Stock Exchange as "DHI". Audited financial statements for DHI can be found online at https://investor.drhorton.com. DHI is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports and other information with the SEC. Reports, proxy statements and other information filed by DHI can be inspected at the office of the SEC at Judiciary Plaza, Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of such material can be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. Copies of the above reports, proxy statements and other information may also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005. The SEC maintains a website at http://www.sec.gov that contains reports, proxy information statements and other information regarding registrants that file electronically with the SEC.

## DEVELOPMENT WITHIN THE DISTRICT

### Current Status of Development

Approximately 338.25 acres (1,383 lots) within the District have been developed as the single-family residential subdivisions of Grand Vista Lakes, Sections 2 and 3, and Lakeview Retreat, Sections 1, 2, 3, 4, 5, 6, 7, 8,9, 10, 11 & 12. As of August 1, 2023, single-family residential development in the District included: approximately 1,382 completed homes (approximately 1,379 occupied, approximately 2 unoccupied, and 1 model home); approximately 1 home under construction; and 0 vacant developed lots. The District also includes a 300-unit apartment complex, trails and a recreational center including a pool, a picnic pavilion, and a playground. Additionally, the District contains D.R. Horton's Houston South corporate headquarters on approximately 6.50 acres fronting the Westpark Tollway. The remaining land within the District is comprised of approximately 25.18 developed acres as Grand Vista Lakes Boulevard, approximately 3.47 undeveloped but developable acres and approximately 63.91 undevelopable acres.

| | | | | Homes | | |
|---|---|---|---|---|---|---|
| Section | Type of Development | Acreage | No. of Lots | Complete | Under Construction | Vacant Lots |
| Grand Vista Lakes Section 2 | Single Family | 20.87 | 79 | 79 | - | - |
| Grand Vista Lakes Section 3 | Single Family | 34.00 | 130 | 130 | - | - |
| Subtotal | | 54.87 | 209 | 209 | 0 | 0 |
| Lakeview Retreat Section 1 | Single Family | 23.14 | 49 | 49 | - | - |
| Lakeview Retreat Section 2 | Single Family | 39.18 | 139 | 139 | - | - |
| Lakeview Retreat Section 3 | Single Family | 34.95 | 115 | 115 | - | - |
| Lakeview Retreat Section 4 | Single Family | 22.60 | 118 | 118 | - | - |
| Lakeview Retreat Section 5 | Single Family | 28.61 | 129 | 129 | - | - |
| Lakeview Retreat Section 6 | Single Family | 29.04 | 155 | 155 | - | - |
| Lakeview Retreat Section 7 | Single Family | 20.04 | 112 | 112 | - | - |
| Lakeview Retreat Section 8 | Single Family | 24.90 | 95 | 95 | - | - |
| Lakeview Retreat Section 9 | Single Family | 1.75 | 7 | 7 | - | - |
| Lakeview Retreat Section 10 | Single Family | 3.05 | 8 | 8 | - | - |
| Lakeview Retreat Section 11 | Single Family | 25.41 | 104 | 104 | - | - |
| Lakeview Retreat Section 12 | Single Family | 30.71 | 143 | 142 | 1 | - |
| Subtotal | | 283.38 | 1,174 | 1,382 | 1 | 0 |
| Total | | 338.25 | 1,383 | 1,382 | 1 | 0 |
| D.R. Horton Houston South | 6.50 | | | | | |
| Grand Vista Lakes Boulevard | 25.18 | | | | | |
| Undevelopable | 63.91 | | | | | |
| Remaining Developable | 3.47 | | | | | |
| Total District Acreage | 437.31 | | | | | |

### Homebuilder

Homebuilding began in the District in 2017. The only active homebuilder within the District is D.R. Horton. New homes being constructed in the District range in price from approximately $329,000 to $371,000 and range in size from approximately 1,442 square feet to 2,639 square feet.

**DEBT SERVICE REQUIREMENTS**

The following schedule sets forth the annual principal and interest requirements of the Outstanding Bonds, and the principal and interest requirements of the Bonds.

| Calendar Year | Outstanding Debt Service | Series 2023 Bonds Principal | Series 2023 Bonds Interest | Series 2023 Bonds Debt Service | Series 2023A Bonds Principal | Series 2023A Bonds Interest | Series 2023A Bonds Debt Service | Total Debt Service |
|---|---|---|---|---|---|---|---|---|
| 2024 | $2,711,888 | $ 195,000 | $ 325,982 | $ 520,982 | $ 110,000 | $ 187,787 | $ 297,787 | $ 3,530,656 |
| 2025 | 2,709,475 | 170,000 | 340,713 | 510,713 | 100,000 | 195,863 | 295,863 | 3,516,050 |
| 2026 | 2,695,906 | 175,000 | 330,513 | 505,513 | 105,000 | 189,363 | 294,363 | 3,495,781 |
| 2027 | 2,693,413 | 185,000 | 320,013 | 505,013 | 110,000 | 182,538 | 292,538 | 3,490,963 |
| 2028 | 2,688,550 | 195,000 | 308,913 | 503,913 | 115,000 | 175,388 | 290,388 | 3,482,850 |
| 2029 | 2,702,225 | 205,000 | 297,213 | 502,213 | 120,000 | 167,913 | 287,913 | 3,492,350 |
| 2030 | 2,714,425 | 210,000 | 284,913 | 494,913 | 125,000 | 160,113 | 285,113 | 3,494,450 |
| 2031 | 2,731,825 | 220,000 | 272,313 | 492,313 | 130,000 | 154,800 | 284,800 | 3,508,938 |
| 2032 | 2,747,525 | 235,000 | 259,113 | 494,113 | 135,000 | 149,600 | 284,600 | 3,526,238 |
| 2033 | 2,761,575 | 245,000 | 245,013 | 490,013 | 145,000 | 144,200 | 289,200 | 3,540,788 |
| 2034 | 2,783,288 | 255,000 | 232,763 | 487,763 | 150,000 | 138,400 | 288,400 | 3,559,450 |
| 2035 | 2,785,600 | 270,000 | 222,563 | 492,563 | 155,000 | 132,400 | 287,400 | 3,565,563 |
| 2036 | 2,805,225 | 280,000 | 211,763 | 491,763 | 165,000 | 126,200 | 291,200 | 3,588,188 |
| 2037 | 2,821,813 | 295,000 | 199,513 | 494,513 | 170,000 | 119,600 | 289,600 | 3,605,925 |
| 2038 | 2,830,588 | 310,000 | 186,606 | 496,606 | 180,000 | 112,588 | 292,588 | 3,619,781 |
| 2039 | 2,847,581 | 325,000 | 173,044 | 498,044 | 190,000 | 105,163 | 295,163 | 3,640,788 |
| 2040 | 2,872,194 | 340,000 | 158,825 | 498,825 | 200,000 | 97,088 | 297,088 | 3,668,106 |
| 2041 | 2,876,169 | 355,000 | 143,525 | 498,525 | 210,000 | 88,338 | 298,338 | 3,673,031 |
| 2042 | 2,891,225 | 370,000 | 127,550 | 497,550 | 220,000 | 79,150 | 299,150 | 3,687,925 |
| 2043 | 2,903,338 | 390,000 | 110,900 | 500,900 | 230,000 | 69,525 | 299,525 | 3,703,763 |
| 2044 | 2,912,463 | 405,000 | 93,350 | 498,350 | 240,000 | 59,175 | 299,175 | 3,709,988 |
| 2045 | 2,213,631 | 425,000 | 75,125 | 500,125 | 250,000 | 48,375 | 298,375 | 3,012,131 |
| 2046 | 1,837,956 | 445,000 | 56,000 | 501,000 | 260,000 | 37,125 | 297,125 | 2,636,081 |
| 2047 | 1,128,400 | 465,000 | 38,200 | 503,200 | 275,000 | 25,425 | 300,425 | 1,932,025 |
| 2048 | - | 490,000 | 19,600 | 509,600 | 290,000 | 13,050 | 303,050 | 812,650 |
| Total | $63,666,275 | $7,455,000 | $5,034,019 | $12,489,019 | $4,380,000 | $2,959,162 | $7,339,162 | $83,494,456 |

Average Annual Debt Service Requirement (2024–2048) .................... $3,339,778

Maximum Annual Debt Service Requirement (2044) .................... $3,709,988

## DISTRICT FINANCIAL DATA

| | | |
|---|---|---|
| 2023 Certified Taxable Assessed Valuation | $ 509,344,135 | (a) |
| Direct Debt: | | |
| The Outstanding Bonds (as of delivery of the Bonds) | $ 45,000,000 | |
| The Series 2023 Bonds | $ 7,455,000 | |
| The Series 2023A Bonds | $ 4,380,000 | |
| Total | $ 56,835,000 | |
| Estimated Overlapping Debt | $ 17,021,842 | (b) |
| Total Direct and Estimated Overlapping Debt | $ 73,856,842 | (b) |
| Direct Debt Ratios: | | |
| As a percentage of 2023 Certified Taxable Assessed Valuation | 11.16 | % |
| Direct and Estimated Overlapping Debt Ratios: | | |
| As a percentage of 2023 Certified Taxable Assessed Valuation | 14.50 | % |
| System Debt Service Fund Balance (as of August 8, 2023) | $ 2,113,963 | (c) |
| Road System Debt Service Fund (as of August 8, 2023) | $ 795,706 | (d) |
| Construction Fund Balance (as of August 8, 2023) | $ 2,695 | |
| Road Construction Fund Balance (as of August 8, 2023) | $ 16,532 | |
| Operating Fund Balance (as of August 8, 2023) | $ 3,715,242 | |
| 2022 Tax Rate | | |
| Utility System Debt Service | $0.505 | |
| Road System Debt Service | $0.170 | |
| Maintenance & Operation | $0.545 | |
| Total | $1.220 | (e) |
| Average Annual Debt Service Requirement (2024-2048) | $ 3,339,778 | (f) |
| Maximum Annual Debt Service Requirement (2044) | $ 3,709,988 | (f) |
| Debt Service Tax Rate per $100 of Taxable Value Required to Pay Average Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2024-2048) at 95% Tax Collections Based on 2023 Certified Taxable Assessed Valuation | $0.70 | (g) |
| Debt Service Tax Rate per $100 of Taxable Value Required to Pay Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds (2044) at 95% Tax Collections Based on 2023 Certified Taxable Assessed Valuation | $0.77 | (g) |

(a) Represents the taxable assessed value of all taxable property within the District as of January 1, 2023, provided by the Fort Bend Central Appraisal District ("FBCAD"). This amount includes $2,158,492 of uncertified value, which represents 80% of the total uncertified value provided by FBCAD which is the estimated minimum amount of uncertified value that will ultimately be certified. See "TAX DATA" and "TAXING PROCEDURES."

(b) See "DISTRICT FINANCIAL DATA — Estimated Direct and Overlapping Debt Statement."

(c) Neither Texas law nor the Series 2023 Bond Resolution requires that the District maintain any particular sum in the System Debt Service Fund. Funds in the System Debt Service Fund are not available to pay debt service on bonds issued by the District for the Road System (including the Series 2023A Bonds).

(d) Neither Texas law nor the Series 2023A Bond Resolution requires that the District maintain any particular sum in the Road Debt Service Fund. Funds in the Road Debt Service Fund are not available to pay debt service on bonds issued by the District for the System (including the Series 2023 Bonds).

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

(f) Requirement of debt service on the Outstanding Bonds and the Bonds. See "DEBT SERVICE REQUIREMENTS."

(g) See "TAX DATA – Tax Rate Calculation."

**Unlimited Tax Bonds Authorized but Unissued**

| Date Authorization | Purpose | Authorized | Issued to Date | Unissued |
|---|---|---|---|---|
| 5/6/17 | Water, Sewer & Drainage & Refunding | $131,630,200 | $42,150,000 (a) | $89,480,200 |
| 5/6/17 | Roads & Refunding | 70,708,000 | 16,845,000 (b) | 54,268,000 |
| 5/6/17 | Parks & Recreational Facilities & Refunding | 19,500,000 | - | 19,500,000 |

(a) Includes the Series 2023 Bonds.
(b) Includes the Series 2023A Bonds.

**Investment Authority and Investment Practices of the District**

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

**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 several sources, including information contained in the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas. 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 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 of debt service, and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

| Taxing Jurisdiction | Outstanding Debt July 31, 2023 | Overlapping Percent | Overlapping Amount |
|---|---|---|---|
| Fort Bend County | $ 956,522,050 | 0.40% | $ 3,799,979 |
| Fort Bend County Drainage District | 23,615,000 | 0.40% | 94,579 |
| Fort Bend County ISD | 1,621,385,000 | 0.81% | 13,127,283 |
| Total Estimated Overlapping Debt | | | $17,021,842 |
| Direct Debt (a) | | | $56,835,000 |
| Total Direct & Estimated Overlapping Debt (a) | | | $73,856,842 |

(a) Includes the Outstanding Bonds, the Series 2023 Bonds and the Series 2023A Bonds.

**Debt Ratios**

| Valuation | Direct Debt (a) | Direct and Estimated Overlapping Debt (a) |
|---|---|---|
| 2023 Certified Taxable Assessed Valuation ($509,344,135) | 11.16% | 14.50% |

(a) Includes the Outstanding Bonds, the Series 2023 Bonds and the Series 2023A Bonds.

## TAX DATA

### General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Resolutions to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.50 per $100 of assessed valuation, for operation and maintenance purposes. The Board levied a 2022 Tax Rate of $0.545 per $100 of assessed valuation for operation and maintenance purposes.

### Tax Rate Limitation

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

### Debt Service Tax

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

The Board covenants in the Series 2023 Bond Resolution to levy and assess, for each year that all or any part of the Series 2023 Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Series 2023 Bonds.

The Board covenants in the Series 2023A Bond Resolution to levy and assess, for each year that all or any part of the Series 2023A Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Series 2023A Bonds.

The District levied a debt service tax rate of $0.505 per $100 of assessed valuation for System purposes and a debt service tax rate of $0.170 per $100 of assessed valuation for Road System purposes for the 2022 tax year.

### Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On May 6, 2017, the Board was authorized to levy such a maintenance and operations tax in an amount not to exceed $1.50 per $100 of assessed valuation. The District levied a maintenance and operations tax for 2022 at the rate of $0.545 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

### Tax Exemptions

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

### Additional Penalties

The District has contracted with Assessments of the Southwest, Inc., to collect taxes. The District may establish an additional penalty of twenty percent (20%) of the tax to defray the costs of collection of delinquent taxes. 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, as amended. The District has established the additional penalty.

**Historical Tax Collections**

The following table illustrates the collection history of the District for the 2017–2022 tax years:

| Tax Year | Assessed Valuation | Tax Rate (a) | Adjusted Levy | Collections Current Year | Current Year Ended 9/30 | Collections 07/31/23 |
|---|---|---|---|---|---|---|
| 2017 | $ 7,016,549 | $1.350 | $ 94,723 | 99.79% | 2018 | 100.00% |
| 2018 | 15,318,235 | 1.350 | 206,796 | 100.00% | 2019 | 100.00% |
| 2019 | 69,322,230 | 1.350 | 935,850 | 99.58% | 2020 | 99.99% |
| 2020 | 133,981,027 | 1.350 | 1,808,744 | 99.46% | 2021 | 99.80% |
| 2021 | 219,937,701 | 1.320 | 2,969,159 | 97.92% | 2022 | 99.90% |
| 2022 | 507,185,743 | 1.220 | 5,109,525 | 98.92% | 2023 | 98.92% |

(a) Tax rate per $100 of taxable value. See "Tax Rate Distribution" below.

**Tax Rate Distribution**

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| System Debt Service | $0.505 | $0.560 | $0.420 | $0.420 | $0.000 |
| Road Debt Service | 0.170 | 0.230 | 0.260 | 0.270 | 0.000 |
| Maintenance | 0.545 | 0.530 | 0.670 | 0.660 | 1.350 |
| | $1.220 | $1.320 | $1.350 | $1.350 | $1.350 |

**Taxable Assessed Valuation Summary**

The following represents the type of property comprising the District's value for tax years 2019–2023:

| Type of Property | 2023 Assessed Taxable Valuation (a) | 2022 Assessed Taxable Valuation (a) | 2021 Assessed Taxable Valuation | 2020 Assessed Taxable Valuation | 2019 Assessed Taxable Valuation |
|---|---|---|---|---|---|
| Land | $ 56,342,911 | $ 49,840,100 | $ 43,216,440 | $ 30,279,530 | $ 23,944,170 |
| Improvements | 487,500,821 | 325,275,501 | 178,814,106 | 105,365,165 | 45,663,210 |
| Personal Property | 513,609 | 434,060 | 553,530 | 172,190 | 100,110 |
| Exemptions | (37,171,598) | (22,856,031) | (2,646,375) | (1,835,868) | (385,260) |
| Total | $507,185,743 | $379,856,031 | $219,937,701 | $133,981,027 | $ 69,322,230 |

(a) This amount does not include $2,158,492 of uncertified value, which represents 80% of the total uncertified value provided by FBCAD which is the estimated minimum amount of uncertified value that will ultimately be certified.

**Principal Taxpayers**

The following represents the principal taxpayers, type of property, and assessed values as of January 1, 2023.

| Taxpayer | Type of Property | 2023 Assessed Valuation |
|---|---|---|
| Rockstar Lakeview LLC (a) | Land & Improvements | $ 31,704,597 |
| DR Horton - Texas Ltd. (b) | Land & Improvements | 7,989,769 |
| Homeowner | Land & Improvements | 706,958 |
| Homeowner | Land & Improvements | 508,441 |
| Homeowner | Land & Improvements | 486,212 |
| Homeowner | Land & Improvements | 484,554 |
| Homeowner | Land & Improvements | 483,683 |
| Homeowner | Land & Improvements | 481,106 |
| Homeowner | Land & Improvements | 464,368 |
| Homeowner | Land & Improvements | 464,309 |
| Total | | $ 47,574,390 |
| Principal Taxpayers Total as Percentage of District's 2023 Certified Taxable Assessed Valuation | | 8.63% |

(a) Assessed value includes the 300-unit apartment complex located within the District. See "DEVELOPMENT WITHIN THE DISTRICT."
(b) See "THE DEVELOPER."

### Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Outstanding Bonds and the Bonds if no growth in the District occurs beyond the taxable assessed valuation as of January 1, 2023 ($509,344,135). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

| | |
|---|---|
| Average Annual Debt Service Requirement (2024-2048) | $3,339,778 |
| Tax Rate of $0.70 on the 2023 Certified Taxable Assessed Valuation produces | $3,387,138 |
| | |
| Maximum Annual Debt Service Requirement (2044) | $3,709,988 |
| Tax Rate of $0.77 on the 2023 Certified Taxable Assessed Valuation produces | $3,725,852 |

### Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2022 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

| Taxing Jurisdiction | 2022 Tax Rate |
|---|---|
| The District | $1.220000 |
| Fort Bend County | 0.438300 |
| Fort Bend County Drainage District | 0.012900 |
| Fort Bend ISD | 1.134600 |
| Harris - Fort Bend Emergency Services District No. 100 | 0.081082 |
| Estimated Total Tax Rate | $2.886882 |

## 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 Series 2023 Bonds, the Outstanding Bonds issued for the System, and any additional bonds payable from taxes which the District may hereafter issue for the purpose of constructing the System and to pay the expenses of assessing and collecting such taxes. In the Series 2023 Bond Resolution, the District agrees to levy such a tax from year to year as described more fully above under "THE BONDS – Source of Payment". The Board is also authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Series 2023A Bonds, the Outstanding Bonds issued for the Road System, and any additional bonds payable from taxes that the District may hereafter issue for the Road System and to pay the expenses of assessing and collecting such taxes. The District agrees in the Series 2023A Bond Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS — Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA — Tax Rate Limitation."

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

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

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

**Property Subject to Taxation by the District**

***General:*** Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; 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 may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by 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 the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

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

*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 property. A taxing unit must exercise its option to tax goods-in-transit property before July 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

**Tax Abatement**

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

**Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal 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. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 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 fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, for 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 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 of 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 FBCAD to compel compliance with the Property Tax Code.

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

**Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. 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, may be rejected. 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 in writing 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 equal 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 continues to accrue during the period of deferral.

**Tax Payment Installments After Disaster**

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least 1/4$^{th}$ of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three (3) equal installments within six (6) months of the delinquency date.

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

**Rollback of Operation and Maintenance Tax Rate**

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of projected build-out that a district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

*Special Taxing Units*

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

*Developed Districts*

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

*Developing Districts*

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

*The District*

For the 2022 tax year, the District made the determination of its status as a Developing District. A determination as to the 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.

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

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "DISTRICT FINANCIAL DATA – Estimated Direct and Overlapping Debt Statement"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; 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 or by bankruptcy proceeding which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

## THE SYSTEM

### General

The water, sewer and drainage facilities, the purchase, acquisition and construction of which will be financed by the District with the proceeds of the Outstanding Bonds issued for System purposes and the Series 2023 Bonds, have been designed in accordance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ. According to the Engineer, the design of all such facilities has been approved by all governmental agencies, that have jurisdiction over the District.

### Description of the System

*Water Supply Source and Facilities*

The District completed construction of Water Plant No. 1 Phase 1 and 2 in October 2019, and December 2020 respectively. The District receives its water from the North Fort Bend Water Authority ("NFBWA"). The NFBWA serves the District with 720,000 gallons per day ("gpd"). Additionally, the District's water facilities include a 20,000-gallon pressure tank, a 10,000-gallon pressure tank, two (2) 375,000-gallon ground storage tanks, and four (4) 1,100 gallon per minute ("gpm") booster pumps. The District's water supply source and facilities are sufficient to serve 1,500 ESFCs. Additional NFBWA capacity may be needed for regulatory compliance.

*Wastewater Treatment and Conveyance System*

The District completed construction of a 0.2 million gallons per day ("MGD") Interim Wastewater Treatment Plant in June 2019 and a 0.4 MGD expansion in December 2020. According to the Engineer and based on current flow rates, the District's current wastewater treatment facilities are sufficient to serve the 1,382 single-family homes (including 1 under construction) currently in the District. Additional wastewater treatment facilities will be needed to serve future development in the District.

*Stormwater and Drainage Improvements*

Stormwater runoff from the District flows from southwest to northeast. Stormwater is conveyed by overland flow and eventually flows into Long Point Slough. The drainage improvements that serve the District are curb and gutter roads, inlets, underground storm sewer, drainage channels and stormwater detention basins that convey and provide detention capacity for storm sewer runoff.

*Roads*

The roads within the District vary in width in accordance with standards adopted by Fort Bend County, but are sized to accommodate the anticipated traffic demands of full build-out of the property within the District. Upon completion and inspection of the roadway facilities, all of the facilities will then be conveyed to Fort Bend County for ownership and maintenance.

### 100 Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

According to the FEMA Map Panel No. 48157C0130L dated April 2, 2014, approximately 4 acres within the District are located in the 100-year flood plain and are not considered to be developable.

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

## LEGAL MATTERS

### Legal Proceedings

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

Bond Counsel has reviewed the information appearing in this Official Statement under the caption "THE DISTRICT — General," "THE BONDS," "TAXING PROCEDURES," "LEGAL MATTERS — Legal Proceedings," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION," solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developer 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. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Disclosure Counsel.

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

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

### No Material Adverse Change

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

### No-Litigation Certificate

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

## TAX MATTERS

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

The Internal Revenue Code of 1986, as amended (the "Code"), imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolutions that is will comply with these requirements.

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

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

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

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

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

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

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

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement).

The foregoing is based on the assumptions that (a) the Underwriters have 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 Code.

## CONTINUING DISCLOSURE OF INFORMATION

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

### Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT FINANCIAL DATA" (except under the subheading "– Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2023.

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

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 determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (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 SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolutions make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

**Availability of Information from EMMA**

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

**Limitations and Amendments**

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders 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 the 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 the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and 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 Resolutions if the SEC amends or repeals the applicable provisions of the Rule 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 Underwriters 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 past five years, the District has complied in all material respects with prior continuing disclosure agreements in accordance with SEC Rule15c2-12.

## OFFICIAL STATEMENT

**Preparation**

The information in this Official Statement has been obtained from sources as set forth herein under the following captions: "THE DISTRICT," "THE SYSTEM," and "APPENDIX B" – Quiddity Engineering, LLC. ("Engineer"); "THE DEVELOPER" and "DEVELOPMENT WITHIN THE DISTRICT" – the Developer; "DISTRICT FINANCIAL DATA – Estimated Direct and Overlapping Debt Statement" and "TAX DATA" – Assessments of the Southwest, Inc., and "THE BONDS," "CONTINUING DISCLOSURE OF INFORMATION," "TAXING PROCEDURES," "LEGAL MATTERS" and "TAX MATTERS" – Allen Boone Humphries Robinson LLP.

The financial statements of the District as of June 30, 2022, and for the year then ended, included in this Official Statement, have been audited by McGrath & Co., PLLC, as stated in their report appearing herein. See "APPENDIX A" for the District's audited financial statements.

### Experts

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

*The Engineer*: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM," has been provided by Quiddity Engineering, LLC., and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.

*Tax Assessor/Collector and Appraisal District:* The information contained in the Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA" has been provided by the Fort Bend County Tax Office and Assessments by the Southwest Inc., in reliance upon their authority as experts in appraising and tax assessing.

### Updating of Official Statement

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

### 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.

## CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 190, as of the date shown on the first page hereof.

/s/ Randy Young
President, Board of Directors
Fort Bend County Municipal Utility District No. 190

ATTEST:

/s/ Dietra Young
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 190

# APPENDIX A

# FINANCIAL STATEMENTS OF THE DISTRICT

# FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 190

## FORT BEND COUNTY, TEXAS

## FINANCIAL REPORT

## June 30, 2022

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


# Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 190
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. 190 (the "District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 190, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Basis for Opinions

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

## Emphasis of Matter

As discussed in Note 3 to the financial statements, the District implemented GASB Statement No. 87, *Leases* during the current fiscal year. Our opinion is not modified with respect to this matter.

## Responsibilities of Management for the Financial Statements

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

**Required Supplementary Information**

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

**Supplementary Information**

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

Houston, Texas
October 11, 2022

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## Management's Discussion and Analysis

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## Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 190 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2022. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

## Overview of the Financial Statements

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

## Government-Wide Financial Statements

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

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

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

**Fund Financial Statements**

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

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

**Financial Analysis of the District as a Whole**

The District's net position at June 30, 2022, was negative $14,111,747. The District's net position is negative because the District incurs debt to construct public road facilities which it conveys to Fort Bend County. A comparative summary of the District's overall financial position, as of June 30, 2022 and 2021, is as follows:

| | 2022 | 2021 |
|---|---|---|
| Current and other assets | $ 5,555,965 | $ 4,066,564 |
| Capital assets | 47,300,310 | 37,325,314 |
| Total assets | 52,856,275 | 41,391,878 |
| | | |
| Current liabilities | 1,699,722 | 1,235,835 |
| Long-term liabilities | 65,268,300 | 49,326,685 |
| Total liabilities | 66,968,022 | 50,562,520 |
| | | |
| Net position | | |
| Net investment in capital assets | (6,293,890) | (4,063,617) |
| Restricted | 2,010,605 | 1,155,324 |
| Unrestricted | (9,828,462) | (6,262,349) |
| Total net position | $ (14,111,747) | $ (9,170,642) |

During the current fiscal year, the District implemented GASB Statement 87, *Leases*, which requires the recognition of capital assets and obligations for leases. In accordance with this standard, the District recognized right-to-use leased assets and lease obligations for its wastewater treatment plant leases measured at the present value of remaining lease payments as of the beginning of the current fiscal year. Prior year data has not been restated to include values for these right-to-use leased assets or lease obligations and, as a result, the presentation of prior year data as it relates to leases is not consistent with the current year presentation (see Notes 3 and 8).

The total net position of the District decreased during the current fiscal year by $4,941,105, primarily as a result of transfer to other governments for road facilities constructed by the District's developer. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

| | 2022 | 2021 |
|---|---|---|
| Revenues | | |
| Property taxes, penalties and interest | $ 2,953,604 | $ 1,834,884 |
| Water and sewer service | 953,946 | 644,901 |
| Tap connection and inspection | 428,307 | 726,850 |
| Other | 755,416 | 514,501 |
| Total revenues | 5,091,273 | 3,721,136 |
| Expenses | | |
| Current service operations | 2,281,459 | 2,101,991 |
| Debt interest and fees | 776,373 | 446,007 |
| Developer interest | 1,056,170 | 212,105 |
| Debt issuance costs | 1,032,641 | 584,875 |
| Depreciation/amortization | 1,101,074 | 626,657 |
| Total expenses | 6,247,717 | 3,971,635 |
| Change in net position before other items | (1,156,444) | (250,499) |
| Other items | | |
| Capital contribution | | 557,160 |
| Transfers to other governments | (3,784,661) | (1,672,948) |
| Change in net position | (4,941,105) | (1,366,287) |
| Net position, beginning of year | (9,170,642) | (7,804,355) |
| Net position, end of year | $ (14,111,747) | $ (9,170,642) |

As previously noted, the District implemented GASB 87 during the current year. As a result, prior year data is not consistent with current year data because payments for the same leases are measured, classified and presented differently (See Notes 3 and 8).

## Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2022, were $4,967,599, which consists of $2,471,366 in the General Fund, $1,973,153 in the Debt Service Fund and $523,080 in the Capital Projects Fund.

*General Fund*

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

| | 2022 | 2021 |
|---|---|---|
| Total assets | $ 2,837,556 | $ 2,002,931 |
| | | |
| Total liabilities | $ 345,926 | $ 242,086 |
| Total deferred inflows | 20,264 | 7,501 |
| Total fund balance | 2,471,366 | 1,753,344 |
| Total liabilities, deferred inflows and fund balance | $ 2,837,556 | $ 2,002,931 |

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

| | 2022 | 2021 |
|---|---|---|
| Total revenues | $ 3,317,444 | $ 2,794,541 |
| Total expenditures | (2,599,422) | (2,479,254) |
| Revenues over expenditures | 718,022 | 315,287 |
| Other changes in fund balance | | 890,160 |
| Net change in fund balance | $ 718,022 | $ 1,205,447 |

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

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

*Debt Service Fund*

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

| | 2022 | 2021 |
|---|---|---|
| Total assets | $ 2,010,605 | $ 1,155,324 |
| Total liabilities | $ - | $ - |
| Total deferred inflows | 37,452 | 9,889 |
| Total fund balance | 1,973,153 | 1,145,435 |
| Total liabilities, deferred inflows and fund balance | $ 2,010,605 | $ 1,155,324 |

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

| | 2022 | 2021 |
|---|---|---|
| Total revenues | $ 1,733,236 | $ 920,709 |
| Total expenditures | (905,518) | (416,847) |
| Net change in fund balance | $ 827,718 | $ 503,862 |

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

*Capital Projects Fund*

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

| | 2022 | 2021 |
|---|---|---|
| Total assets | $ 707,804 | $ 908,309 |
| Total liabilities | $ 184,724 | $ 520,607 |
| Total fund balance | 523,080 | 387,702 |
| Total liabilities and fund balance | $ 707,804 | $ 908,309 |

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

| | 2022 | 2021 |
|---|---|---|
| Total revenues | $ 267 | $ 938 |
| Total expenditures | (12,464,889) | (6,636,930) |
| Revenues under expenditures | (12,464,622) | (6,635,992) |
| Other changes in fund balance | 12,600,000 | 6,703,391 |
| Net change in fund balance | $ 135,378 | $ 67,399 |

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2021 Unlimited Tax Bonds and Series 2021A Unlimited Tax Road Bonds in the current year and issuance of its Series 2020 Unlimited Tax Bonds and Series 2020A Unlimited Tax Road Bonds in the prior year

**General Fund Budgetary Highlights**

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

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $210,728 less than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

**Capital Assets**

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

Capital assets held by the District at June 30, 2022 and 2021 are summarized as follows:

| | 2022 | 2021 |
|---|---|---|
| Capital assets not being depreciated | | |
| Land and improvements | $ 17,356,231 | $ 12,800,503 |
| Construction in progress | 2,352,112 | 1,347,194 |
| | 19,708,343 | 14,147,697 |
| Capital assets being depreciated/amortized | | |
| Infrastructure | 24,546,721 | 21,000,667 |
| Landscaping improvements | 3,239,522 | 2,670,668 |
| Right-to-use lease asset | 1,400,516 | |
| Capacity charges | 1,082,667 | 1,082,667 |
| | 30,269,426 | 24,754,002 |
| Less accumulated depreciation/amortization | | |
| Infrastructure | (1,614,541) | (1,069,060) |
| Landscaping improvements | (531,282) | (386,136) |
| Right-to-use lease asset | (382,976) | |
| Capacity charges | (148,660) | (121,189) |
| | (2,677,459) | (1,576,385) |
| Depreciable capital assets, net | 27,591,967 | 23,177,617 |
| Capital assets, net | $ 47,300,310 | $ 37,325,314 |

Construction in progress is for the construction of Bellaire Boulevard street dedication Section 2 utilities and paving. Capital asset additions during the current year include the following:

- Right-to-use leased assets for wastewater treatment plant leases
- Utilities to serve Lakeview Retreat – Sections 9 & 11
- Utilities to serve Lakeview Retreat – Sections 10 & 12
- Detention facilities to serve Lakeview Retreat west
- Lakeview Retreat southwest detention basin landscaping

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended June 30, 2022, capital assets in the amount of $3,784,661 have been recorded as transfers to other governments in the government-wide statements.

## Lease Obligations

The District has entered into various equipment lease obligations for interim wastewater treatment plants. During the current fiscal year, the District recognized right-to-use leased assets and lease obligations in the amount of $1,400,516 for these leases. The balance due for the leases as of June 30, 2022, was $1,059,475.

**Long-Term Debt and Related Liabilities**

As of June 30, 2022, the District owes approximately $34,685,005 to its developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $1,289,515 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At June 30, 2022 and 2021, the District had total bonded debt outstanding as shown below:

| Series | 2022 | 2021 |
|---|---|---|
| 2019 | $ 6,780,000 | $ 6,970,000 |
| 2019 Road | 4,335,000 | 4,455,000 |
| 2020 | 4,170,000 | 4,170,000 |
| 2020 Road | 2,530,000 | 2,530,000 |
| 2021 | 9,655,000 | |
| 2021 Road | 2,945,000 | |
| | $ 30,415,000 | $ 18,125,000 |

During the current year, the District issued $9,655,000 in unlimited tax bonds and $2,945,000 in unlimited tax road bonds. At June 30, 2022, the District had $110,835,200 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $19,500,000 for parks and recreational facilities and refunding of such bonds; $60,778,000 for road improvements and refunding of such bonds.

**Next Year's Budget**

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers.

A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

| | 2022 Actual | 2023 Budget |
|---|---|---|
| Total revenues | $ 3,317,442 | $ 2,416,000 |
| Total expenditures | (2,599,420) | (1,487,250) |
| Net change in fund balance | 718,022 | 928,750 |
| Beginning fund balance | 1,753,344 | 2,471,366 |
| Ending fund balance | $ 2,471,366 | $ 3,400,116 |

**Property Taxes**

The District's property tax base increased approximately $166,119,000 for the 2022 tax year from $220,235,159 to $386,354,041. This increase was primarily due to new construction in the District and increased property values. For the 2022 tax year, the District has levied a maintenance tax rate of $0.545 per $100 of assessed value, a water, sewer and drainage debt service tax rate of $0.505 per $100 of assessed value and a road debt service tax rate of $0.170 per $100 of assessed value for a total combined tax rate of $1.220 per $100. Tax rates for the 2021 tax year were $0.53 per $100 for maintenance and operations, $0.56 per $100 for water, sewer and drainage debt service and $0.23 per $100 for road debt service for a combined total of $1.32 per $100 of assessed value.

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## Basic Financial Statements

***Fort Bend County Municipal Utility District No. 190***
***Statement of Net Position and Governmental Funds Balance Sheet***
***June 30, 2022***

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash | $ 368,892 | $ 72,605 | $ 764,797 | $ 1,206,294 | $ - | $ 1,206,294 |
| Investments | 2,052,631 | 1,907,174 | | 3,959,805 | | 3,959,805 |
| Taxes receivable | 20,264 | 37,452 | | 57,716 | | 57,716 |
| Customer service receivables | 241,756 | | | 241,756 | | 241,756 |
| Internal balances | 64,699 | (7,706) | (56,993) | | | |
| Prepaid items | 88,314 | | | 88,314 | | 88,314 |
| Other receivables | 1,000 | 1,080 | | 2,080 | | 2,080 |
| Capital assets not being depreciated | | | | | 19,708,343 | 19,708,343 |
| Depreciable capital assets, net | | | | | 27,591,967 | 27,591,967 |
| Total Assets | $ 2,837,556 | $ 2,010,605 | $ 707,804 | $ 5,555,965 | 47,300,310 | 52,856,275 |
| **Liabilities** | | | | | | |
| Accounts payable | $ 279,926 | $ - | $ 1,578 | $ 281,504 | | 281,504 |
| Other payables | 2,435 | | | 2,435 | | 2,435 |
| Customer deposits | 41,300 | | | 41,300 | | 41,300 |
| Unearned revenue | 22,265 | | | 22,265 | | 22,265 |
| Retainage payable | | | 183,146 | 183,146 | | 183,146 |
| Accrued interest payable | | | | | 277,892 | 277,892 |
| Due to developer | | | | | 34,685,005 | 34,685,005 |
| Lease obligations | | | | | | |
| Due within one year | | | | | 371,180 | 371,180 |
| Due after one year | | | | | 688,295 | 688,295 |
| Long-term debt | | | | | | |
| Due within one year | | | | | 520,000 | 520,000 |
| Due after one year | | | | | 29,895,000 | 29,895,000 |
| Total Liabilities | 345,926 | - | 184,724 | 530,650 | 66,437,372 | 66,968,022 |
| **Deferred Inflows of Resources** | | | | | | |
| Deferred property taxes | 20,264 | 37,452 | | 57,716 | (57,716) | |
| **Fund Balances/Net Position** | | | | | | |
| **Fund Balances** | | | | | | |
| Nonspendable | 88,314 | | | 88,314 | (88,314) | |
| Restricted | | 1,973,153 | 523,080 | 2,496,233 | (2,496,233) | |
| Unassigned | 2,383,052 | | | 2,383,052 | (2,383,052) | |
| Total Fund Balances | 2,471,366 | 1,973,153 | 523,080 | 4,967,599 | (4,967,599) | |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | $ 2,837,556 | $ 2,010,605 | $ 707,804 | $ 5,555,965 | | |
| **Net Position** | | | | | | |
| Net investment in capital assets | | | | | (6,293,890) | (6,293,890) |
| Restricted for debt service | | | | | 2,010,605 | 2,010,605 |
| Unrestricted | | | | | (9,828,462) | (9,828,462) |
| Total Net Position | | | | | $ (14,111,747) | $ (14,111,747) |

See notes to basic financial statements.

***Fort Bend County Municipal Utility District No. 190***
***Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances***
***For the Year Ended June 30, 2022***

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Activities |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Water service | $ 597,542 | $ - | $ - | $ 597,542 | $ - | $ 597,542 |
| Sewer service | 356,404 | | | 356,404 | | 356,404 |
| Property taxes | 1,154,395 | 1,717,698 | | 2,872,093 | 34,834 | 2,906,927 |
| Penalties and interest | 29,103 | 12,082 | | 41,185 | 5,492 | 46,677 |
| Regional Water Authority fees | 695,059 | | | 695,059 | | 695,059 |
| Tap connection and inspection | 428,307 | | | 428,307 | | 428,307 |
| Miscellaneous | 52,593 | | | 52,593 | | 52,593 |
| Investment earnings | 4,041 | 3,456 | 267 | 7,764 | | 7,764 |
| Total Revenues | 3,317,444 | 1,733,236 | 267 | 5,050,947 | 40,326 | 5,091,273 |
| **Expenditures/Expenses** | | | | | | |
| Current service operations | | | | | | |
| Professional fees | 107,747 | | 88,170 | 195,917 | | 195,917 |
| Contracted services | 500,450 | 36,862 | | 537,312 | | 537,312 |
| Repairs and maintenance | 388,777 | | | 388,777 | | 388,777 |
| Utilities | 98,229 | | | 98,229 | | 98,229 |
| Regional Water Authority fees | 958,380 | | | 958,380 | | 958,380 |
| Administrative | 89,015 | 2,601 | | 91,616 | | 91,616 |
| Other | 9,824 | 391 | 1,013 | 11,228 | | 11,228 |
| Capital outlay | | | 10,286,895 | 10,286,895 | (10,286,895) | |
| Debt service | | | | | | |
| Principal | 341,041 | 310,000 | | 651,041 | (651,041) | |
| Interest and fees | 105,959 | 555,664 | | 661,623 | 114,750 | 776,373 |
| Developer interest | | | 1,056,170 | 1,056,170 | | 1,056,170 |
| Debt issuance costs | | | 1,032,641 | 1,032,641 | | 1,032,641 |
| Depreciation/amortization | | | | | 1,101,074 | 1,101,074 |
| Total Expenditures/Expenses | 2,599,422 | 905,518 | 12,464,889 | 15,969,829 | (9,722,112) | 6,247,717 |
| **Revenues Over/(Under) Expenditures/Expenses** | 718,022 | 827,718 | (12,464,622) | (10,918,882) | 9,762,438 | (1,156,444) |
| **Other Financing Sources/(Uses)** | | | | | | |
| Proceeds from sale of bonds | | | 12,600,000 | 12,600,000 | (12,600,000) | |
| **Other Items** | | | | | | |
| Transfers to other governments | | | | | (3,784,661) | (3,784,661) |
| **Net Change in Fund Balances** | 718,022 | 827,718 | 135,378 | 1,681,118 | (1,681,118) | |
| **Change in Net Position** | | | | | (4,941,105) | (4,941,105) |
| Fund Balance/Net Position | | | | | | |
| Beginning of the year | 1,753,344 | 1,145,435 | 387,702 | 3,286,481 | (12,457,123) | (9,170,642) |
| **End of the year** | $ 2,471,366 | $ 1,973,153 | $ 523,080 | $ 4,967,599 | $ (19,079,346) | $ (14,111,747) |

See notes to basic financial statements.

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## Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 190 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

### Creation

The District was organized, created and established pursuant to House Bill No. 4024 in the 80th Regular Session of the Texas Legislature, codified as Chapter 1284, Special District Local Laws Code (the "Act") effective September 1, 2007, in accordance with Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution and the Act. The Board of Directors held its first meeting on February 25, 2008, and the first bonds were issued on September 12, 2019.

The District's primary activities include construction, maintenance and operation of water, wastewater, drainage, roads, and parks and recreational facilities. As discussed in Note 11, Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

### Reporting Entity

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

### Government-Wide and Fund Financial Statements

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Government-Wide and Fund Financial Statements (continued)**

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

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

## Note 1 – Summary of Significant Accounting Policies (continued)

### Measurement Focus and Basis of Accounting (continued)

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

### Use of Restricted Resources

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

### Prepaid Items

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

### Receivables

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

### Unbilled Service Revenues

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

### Interfund Activity

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

### Capital Assets

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

**Note 1 – Summary of Significant Accounting Policies (continued)**

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities and water and wastewater capacity charges paid to Big Oaks Municipal Utility District, are depreciated or amortized using the straight-line method as follows:

| Assets | Useful Life |
|---|---|
| Infrastructure | 45 years |
| Landscaping improvements | 20 years |
| Right-to-use leased asset | Max 5 years |
| Capacity charges | 40 years |

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

**Deferred Inflows and Outflows of Financial Resources**

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

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

**Net Position – Governmental Activities**

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

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

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

Unrestricted – resources not included in the other components.

**Note 1 – Summary of Significant Accounting Policies (continued)**

**Fund Balances – Governmental Funds**

Governmental accounting standards establish the following fund balance classifications:

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

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

**Use of Estimates**

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

## Note 2 – Adjustment from Governmental to Government-wide Basis

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

| | | |
|---|---|---|
| Total fund balance, governmental funds | | $ 4,967,599 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. | | |
| Historical cost | $ 49,977,769 | |
| Less accumulated depreciation/amortization | (2,677,459) | |
| Change due to capital assets | | 47,300,310 |
| Obligations under lease agreements are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | | (1,059,475) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of: | | |
| Due to developer | (34,685,005) | |
| Bonds payable | (30,415,000) | |
| Interest payable on debt | (277,892) | |
| Change due to long-term debt | | (65,377,897) |
| Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds. | | 57,716 |
| Total net position - governmental activities | | $ (14,111,747) |

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

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

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ 1,681,118 |
| Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. | | 40,326 |
| The District conveys its public roads to Fort Bend County upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments | | (3,784,661) |
| Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset. | | |
| Capital outlays | $ 10,286,895 | |
| Depreciation/amortization expense | (1,101,074) | |
| | | 9,185,821 |
| The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements. | | |
| Issuance of long term debt | (12,600,000) | |
| Principal payments | 651,041 | |
| Interest expense accrual | (114,750) | |
| | | (12,063,709) |
| Change in net position of governmental activities | | $ (4,941,105) |

## Note 3 – Implementation of New Accounting Standard

During the current fiscal year, the District implemented GASB Statement 87 - *Leases*. The purpose of this standard is to enhance the relevance and consistency of information of the District's financing activities based on the principle that leases are financings of the right-to-use an underlying asset. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset in the amount of the present value of future lease payments.

## Note 3 – Implementation of New Accounting Standard (continued)

GASB 87 requires a retrospective implementation in which existing leases are measured based on the facts and circumstances that exist at the beginning of the year of implementation. As further discussed in Note 8, the District has two existing wastewater treatment plant leases subject to GASB 87. Accordingly, the District recognized $1,400,516 in right-to-use leased capital assets and lease obligations.

## Note 4 – Deposits and Investments

### Deposit Custodial Credit Risk

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

### Investments

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

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

## Note 4 – Deposits and Investments (continued)

### Investments (continued)

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

| Type | Fund | Carrying Value | Rating | Weighted Average Maturity |
|---|---|---|---|---|
| TexPool | General | $ 2,052,631 | | |
| | Debt Service | 1,907,174 | | |
| | | $ 3,959,805 | AAAm | 23 days |

### TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

### Investment Credit and Interest Rate Risk

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

## Note 5 – Interfund Balances and Transactions

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

| Receivable Fund | Payable Fund | Amounts | Purpose |
|---|---|---|---|
| General Fund | Debt Service Fund | $ 7,706 | Maintenance tax collections due to the General Fund |
| General Fund | Capital Projects Fund | 56,993 | Bond application costs paid by the General Fund |

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

**Note 6 – Capital Assets**

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

| | Beginning Balances | Additions/ Adjustments | Ending Balances |
|---|---|---|---|
| Capital assets not being depreciated | | | |
| Land and improvements | $ 12,800,503 | $ 4,555,728 | $ 17,356,231 |
| Construction in progress | 1,347,194 | 1,004,918 | 2,352,112 |
| | 14,147,697 | 5,560,646 | 19,708,343 |
| Capital assets being depreciated/amortized | | | |
| Infrastructure | 21,000,667 | 3,546,054 | 24,546,721 |
| Landscaping improvements | 2,670,668 | 568,854 | 3,239,522 |
| Right-to-use lease asset | | 1,400,516 | 1,400,516 |
| Capacity charges | 1,082,667 | | 1,082,667 |
| | 24,754,002 | 5,515,424 | 30,269,426 |
| Less accumulated depreciation/amortization | | | |
| Infrastructure | (1,069,060) | (545,481) | (1,614,541) |
| Landscaping improvements | (386,136) | (145,146) | (531,282) |
| Right-to-use lease asset | | (382,976) | (382,976) |
| Capacity charges | (121,189) | (27,471) | (148,660) |
| | (1,576,385) | (1,101,074) | (2,677,459) |
| Subtotal depreciable capital assets, net | 23,177,617 | 4,414,350 | 27,591,967 |
| Capital assets, net | $ 37,325,314 | $ 9,974,996 | $ 47,300,310 |

Depreciation/amortization expense for the current year was $1,101,074.

The District has contractual commitments for construction projects as follows:

| | Contract Amount | Percent Complete |
|---|---|---|
| Bellaire Boulevard Street Dedication Section 2 - utilities and paving * | $ 2,146,259 | 96% |

* District share of the contract

## Note 7 – Due to Developer

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

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

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

| | | |
|---|---|---|
| Due to developer, beginning of year | $ | 31,511,685 |
| Developer reimbursements | | (9,281,977) |
| Developer funded construction and adjustments | | 12,455,297 |
| Due to developer, end of year | $ | 34,685,005 |

In addition, the District will owe the developer approximately $1,289,515 which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

| | | Contract Amount | Percent Complete |
|---|---|---|---|
| Lakeview Retreat Lift Station 3 and Force main | $ | 969,396 | 74% |
| Lakeview Retreat Bellaire West Landscape Improvements | | 320,119 | 82% |
| | $ | 1,289,515 | |

## Note 8 - Lease Obligations

On August 14, 2018, the District entered into an equipment lease agreement for a 200,000 gallon per day interim wastewater treatment plant. This lease is for a an initial 60-month term at rate of 8.5% with the lease term commencing August 1, 2019. The lease agreement shall automatically be extended on a month-to-month basis after the initial term, unless otherwise terminated. The District recognized a lease liability and an intangible right-to-use leased asset in the amount of $600,295, which is measured at the present value of remaining lease payments as of July 1, 2021. The remaining balance of the liability at June 30, 2022, is $422,498. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. Monthly payments for the lease are $18,500, which includes principal and interest components. Total annual payments are $222,000.

## Note 8 - Lease Obligations

On October 1, 2019, the District entered into an equipment lease agreement for a 200,000 gallon per day interim wastewater treatment plant. This lease is for a 60-month term at rate of 8.5% with the lease term commencing October 1, 2020. The lease agreement shall automatically be extended on a month-to-month basis after the initial term, unless otherwise terminated. The District recognized a lease liability and an intangible right-to-use leased asset in the amount of $800,221, which is measured at the present value of remaining lease payments as of July 1, 2022. The remaining balance of the liability at June 30, 2022, is $636,977. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. Monthly payments for the lease are $18,750. Total annual payments are $225,000.

Annual requirements to amortize long-term lease obligations and related interest are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2023 | $ 371,180 | $ 75,820 | $ 447,000 |
| 2024 | 403,992 | 43,008 | 447,000 |
| 2025 | 228,842 | 14,658 | 243,500 |
| 2026 | 55,461 | 789 | 56,250 |
| | $ 1,059,475 | $ 134,275 | $ 1,193,750 |
| Due within one year | $ 371,180 | $ 75,820 | $ 447,000 |

## Note 9 – Long-Term Debt

Long-term debt is comprised of the following:

| | |
|---|---|
| Bonds payable | $ 30,415,000 |
| Due within one year | $ 520,000 |

**Note 9 – Long-Term Debt (continued)**

The District's bonds payable at June 30, 2022, consists of unlimited tax bonds as follows:

| Series | Amounts Outstanding | Original Issue | Interest Rates | Maturity Date, Serially, Beginning/ Ending | Interest Payment Dates | Call Dates |
|---|---|---|---|---|---|---|
| 2019 | $ 6,780,000 | $ 6,970,000 | 2.00% - 4.50% | September 1, 2021/2044 | March 1, September 1 | September 1, 2024 |
| 2019 Road | 4,335,000 | 4,455,000 | 2.00% - 4.50% | September 1, 2021/2044 | March 1, September 1 | September 1, 2024 |
| 2020 | 4,170,000 | 4,170,000 | 2.00% - 4.50% | September 1, 2022/2045 | March 1, September 1 | September 1, 2025 |
| 2020A Road | 2,530,000 | 2,530,000 | 2.00% - 4.50% | September 1, 2022/2045 | March 1, September 1 | September 1, 2025 |
| 2021 | 9,655,000 | 9,655,000 | 2.00% - 4.50% | September 1, 2023/2046 | March 1, September 1 | September 1, 2026 |
| 2021A Road | 2,945,000 | 2,945,000 | 2.125% - 4.63% | September 1, 2023/2046 | March 1, September 1 | September 1, 2026 |
| | $ 30,415,000 | | | | | |

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

At June 30, 2022, the District had $110,835,200 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; $19,500,000 for parks and recreational facilities and refunding of such bonds and $60,778,000 for road improvements and refunding of such bonds.

On December 16, 2022, the District issued its $9,655,000 Series 2021 Unlimited Tax Bonds at a net effective interest rate of 2.812227%. Proceeds of the bonds were used to reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

Additionally, on December 16, 2022, the District issued its $2,945,000 Series 2021A Unlimited Tax Road Bonds at a net effective interest rate of 2.888731%. Proceeds of the bonds were used to reimburse the developer for the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds.

**Note 9 – Long-Term Debt (continued)**

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

| | | |
|---|---|---|
| Bonds payable, beginning of year | $ | 18,125,000 |
| Bonds issued | | 12,600,000 |
| Bonds retired | | (310,000) |
| Bonds payable, end of year | $ | 30,415,000 |

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

| Year | | Principal | | Interest | | Totals |
|---|---|---|---|---|---|---|
| 2023 | $ | 520,000 | $ | 815,088 | $ | 1,335,088 |
| 2024 | | 925,000 | | 782,521 | | 1,707,521 |
| 2025 | | 940,000 | | 740,444 | | 1,680,444 |
| 2026 | | 980,000 | | 697,752 | | 1,677,752 |
| 2027 | | 1,005,000 | | 658,221 | | 1,663,221 |
| 2028 | | 1,040,000 | | 623,743 | | 1,663,743 |
| 2029 | | 1,060,000 | | 595,649 | | 1,655,649 |
| 2030 | | 1,095,000 | | 571,986 | | 1,666,986 |
| 2031 | | 1,130,000 | | 548,161 | | 1,678,161 |
| 2032 | | 1,165,000 | | 524,135 | | 1,689,135 |
| 2033 | | 1,205,000 | | 499,310 | | 1,704,310 |
| 2034 | | 1,235,000 | | 473,467 | | 1,708,467 |
| 2035 | | 1,275,000 | | 445,806 | | 1,720,806 |
| 2036 | | 1,310,000 | | 415,976 | | 1,725,976 |
| 2037 | | 1,350,000 | | 384,382 | | 1,734,382 |
| 2038 | | 1,395,000 | | 351,163 | | 1,746,163 |
| 2039 | | 1,430,000 | | 316,171 | | 1,746,171 |
| 2040 | | 1,480,000 | | 279,594 | | 1,759,594 |
| 2041 | | 1,530,000 | | 241,182 | | 1,771,182 |
| 2042 | | 1,570,000 | | 200,298 | | 1,770,298 |
| 2043 | | 1,620,000 | | 157,482 | | 1,777,482 |
| 2044 | | 1,670,000 | | 113,300 | | 1,783,300 |
| 2045 | | 1,720,000 | | 67,747 | | 1,787,747 |
| 2046 | | 1,060,000 | | 31,494 | | 1,091,494 |
| 2047 | | 705,000 | | 9,178 | | 714,178 |
| | $ | 30,415,000 | $ | 10,544,250 | $ | 40,959,250 |

**Note 10 – Property Taxes**

On May 10, 2008, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value and to levy taxes for use in road maintenance limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of $1.32 per $100 of assessed value, of which $0.53 was allocated to maintenance and operations, $0.56 was allocated to water, sewer and drainage debt service, and $0.23 was allocated to road debt service. The resulting tax levy was $2,907,105 on the adjusted taxable value of $220,235,159.

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

| | |
|---|---|
| Current year taxes receivable | $ 47,734 |
| Prior years taxes receivable | 2,215 |
| | 49,949 |
| Penalty and interest receivable | 7,767 |
| Property taxes receivable | $ 57,716 |

**Note 11 – Transfers to Other Governments**

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District. The estimated cost of each road project is recorded as a transfer to other government upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended June 30, 2022, the District recorded transfers to other governments in the amount of $3,784,661 for road facilities constructed by a developer within the District.

**Note 12 – Interlocal Agreement for Paving and Drainage Improvements**

On August 11, 2020, the District entered an Interlocal Agreement with Fort Bend County (the "County") for the construction of paving and drainage improvements to serve the north half of Bellaire Boulevard from Westmoor Drive to the Lakeview Retreat Boundary, and from Harlem Road to Twilight Pond Lane. The cost of the project is estimated to be $3,676,000 of which $2,146,000 is the District's share. The County is not obligated to expend in excess of $1,750,112. The District is responsible for managing the design and overseeing the construction and completion of the project. Once completed, the project will be conveyed to the County for operation and maintenance. Upon completion the District will perform a true-up of project costs and reimburse the County any remaining amount.

During the current year, the District incurred $990,772 in expenditures related to the project and received $1,368,348 from the County. As of June 30, 2022, the County has fully reimbursed the District for its share of the project completed to date.

**Note 13 – Risk Management**

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

**Note 14 – Subsequent Event**

On September 8, 2022, the District issued its $13,900,000 Series 2022 Unlimited Tax Bonds at a net effective rate of 4.059912%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District.

Additionally, on September 8, 2022, the District issued its $2,130,000 Series 2022A Unlimited Tax Road Bonds at a net effective rate of 4.089531%. Proceeds from the bonds were used to reimburse the District's developers for infrastructure improvements in the District.

**Required Supplementary Information**

*Fort Bend County Municipal Utility District No. 190*
*Required Supplementary Information - Budgetary Comparison Schedule - General Func*
*For the Year Ended June 30, 2022*

| | Original & Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues** | | | |
| Water service | $ 425,000 | $ 597,542 | $ 172,542 |
| Sewer service | 210,000 | 356,404 | 146,404 |
| Property taxes | 890,000 | 1,154,395 | 264,395 |
| Penalties and interest | | 29,103 | 29,103 |
| Regional Water Authority fees | 480,000 | 695,059 | 215,059 |
| Tap connection and inspection | 410,000 | 428,307 | 18,307 |
| Miscellaneous | | 52,593 | 52,593 |
| Investment earnings | 1,000 | 4,039 | 3,039 |
| Total Revenues | 2,416,000 | 3,317,442 | 901,442 |
| **Expenditures** | | | |
| Current service operations | | | |
| Professional fees | 150,000 | 107,747 | 42,253 |
| Contracted services | 491,250 | 500,449 | (9,199) |
| Repairs and maintenance | 197,000 | 388,777 | (191,777) |
| Utilities | 75,000 | 98,229 | (23,229) |
| Regional Water Authority fees | 440,000 | 958,380 | (518,380) |
| Administrative | 58,500 | 89,014 | (30,514) |
| Other | 30,500 | 9,824 | 20,676 |
| Debt service | | | |
| Lease - principal | 45,000 | 341,044 | (296,044) |
| Lease - interest | | 105,956 | (105,956) |
| Total Expenditures | 1,487,250 | 2,599,420 | (1,112,170) |
| **Net Change in Fund Balance** | 928,750 | 718,022 | (210,728) |
| **Fund Balance** | | | |
| Beginning of the year | 1,753,344 | 1,753,344 | |
| **End of the year** | $ 2,682,094 | $ 2,471,366 | $ (210,728) |

**Budgets and Budgetary Accounting**

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year.

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## Texas Supplementary Information

*Fort Bend County Municipal Utility District No. 190*
*TSI-1. Services and Rates*
*June 30, 2022*

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

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

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

[ ] Other (Specify): ______________________

2. Retail Service Providers

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

| | Minimum Charge | Minimum Usage | Flat Rate (Y / N) | Rate per 1,000 Gallons Over Minimum Usage | Usage Levels |
|---|---|---|---|---|---|
| Water: | $ 32.25 | 8,000 | N | $ 1.00 | 8,001 to 15,000 |
| | | | | $ 1.50 | 15,001 to 30,000 |
| | | | | $ 2.00 | 30,001 to no limit |
| Wastewater: | $ 22.25 | - 0 - | Y | | to |
| Surface water fee: | $ 5.39 | - 0 - | N | $ 5.39 | 0 to no limit |

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

Total charges per 10,000 gallons usage: Water $ 88.15 Wastewater $ 22.25

b. Water and Wastewater Retail Connections:

| Meter Size | Total Connections | Active Connections | ESFC Factor | Active ESFC'S |
|---|---|---|---|---|
| Unmetered | | | x 1.0 | |
| less than 3/4" | 1,377 | 1,362 | x 1.0 | 1,362 |
| 1" | 2 | 2 | x 2.5 | 5 |
| 1.5" | 1 | 1 | x 5.0 | 5 |
| 2" | 28 | 28 | x 8.0 | 224 |
| 3" | | | x 15.0 | |
| 4" | | | x 25.0 | |
| 6" | | | x 50.0 | |
| 8" | 1 | 1 | x 80.0 | 80 |
| 10" | | | x 115.0 | |
| Total Water | 1,409 | 1,394 | | 1,676 |
| Total Wastewater | 1,380 | 1,365 | x 1.0 | 1,365 |

See accompanying auditor's report.

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

| | | |
|---|---|---|
| Gallons pumped into system: | 106,439,000 | Water Accountability Ratio: (Gallons billed / Gallons pumped) |
| Gallons billed to customers: | 99,117,000 | 93.12% |

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

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

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

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

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

5. Location of District

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

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

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

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

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

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

ETJs in which the District is located: City of Houston

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

If Yes, by whom? ______

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-2 General Fund Expenditures***
***For the Year Ended June 30, 2022***

| | |
|---|---|
| Professional fees | |
| Legal | $ 69,316 |
| Audit | 12,000 |
| Engineering | 26,431 |
| | 107,747 |
| Contracted services | |
| Bookkeeping | 17,738 |
| Operator | 44,341 |
| Garbage collection | 175,892 |
| Tap connection and inspection | 233,640 |
| Sludge removal | 28,839 |
| | 500,450 |
| Repairs and maintenance | 388,777 |
| Utilities | 98,229 |
| Regional Water Authority | 958,380 |
| Administrative | |
| Directors fees | 11,400 |
| Printing and office supplies | 48,146 |
| Insurance | 19,353 |
| Other | 10,116 |
| | 89,015 |
| Other | 9,824 |
| Lease | |
| Principal | 341,041 |
| Interest | 105,959 |
| | 447,000 |
| Total expenditures | $ 2,599,422 |

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-3. Investments***
***June 30, 2022***

| Fund | Interest Rate | Maturity Date | Balance at End of Year |
|---|---|---|---|
| General | | | |
| TexPool | Variable | N/A | $ 2,052,631 |
| | | | |
| Debt Service | | | |
| TexPool | Variable | N/A | 1,281,302 |
| TexPool | Variable | N/A | 625,872 |
| | | | 1,907,174 |
| | | | |
| Total - All Funds | | | $ 3,959,805 |

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-4. Taxes Levied and Receivable***
***June 30, 2022***

| | Maintenance Taxes | Debt Service Taxes | Road Debt Service Taxes | Totals |
|---|---|---|---|---|
| Taxes Receivable, Beginning of Year | $ 7,501 | $ 4,703 | $ 2,911 | $ 15,115 |
| Adjustments | (87) | (55) | (34) | (176) |
| Adjusted Receivable | 7,414 | 4,648 | 2,877 | 14,939 |
| 2020 Original Tax Levy | 1,146,805 | 1,211,718 | 497,670 | 2,856,193 |
| Adjustments | 20,442 | 21,599 | 8,871 | 50,912 |
| Adjusted Tax Levy | 1,167,247 | 1,233,317 | 506,541 | 2,907,105 |
| Total to be accounted for | 1,174,661 | 1,237,965 | 509,418 | 2,922,044 |
| Tax collections: | | | | |
| Current year | 1,148,082 | 1,213,066 | 498,222 | 2,859,370 |
| Prior year | 6,315 | 3,959 | 2,451 | 12,725 |
| Total Collections | 1,154,397 | 1,217,025 | 500,673 | 2,872,095 |
| Taxes Receivable, End of Year | $ 20,264 | $ 20,940 | $ 8,745 | $ 49,949 |
| Taxes Receivable, By Years | | | | |
| 2021 | $ 19,165 | $ 20,251 | $ 8,318 | $ 47,734 |
| 2020 | 1,069 | 670 | 415 | 2,154 |
| 2019 | 30 | 19 | 12 | 61 |
| Taxes Receivable, End of Year | $ 20,264 | $ 20,940 | $ 8,745 | $ 49,949 |

| | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|
| Property Valuations: | | | | |
| Land | $ 43,216,440 | $ 30,279,530 | $ 23,944,170 | $ 13,941,360 |
| Improvements | 178,814,096 | 105,365,155 | 45,663,210 | 2,882,141 |
| Personal Property | 553,530 | 172,190 | 100,110 | |
| Exemptions | (2,348,907) | (1,825,868) | (385,260) | (1,505,266) |
| Total Property Valuations | $ 220,235,159 | $ 133,991,007 | $ 69,322,230 | $ 15,318,235 |
| Tax Rates per $100 Valuation: | | | | |
| Maintenance tax rates * | $ 0.53 | $ 0.67 | $ 0.66 | $ 1.35 |
| Debt service tax rates | 0.56 | 0.42 | 0.42 | |
| Road debt service tax rates | 0.23 | 0.26 | 0.27 | |
| Total Tax Rates per $100 Valuation | $ 1.32 | $ 1.35 | $ 1.35 | $ 1.35 |
| Adjusted Tax Levy: | $ 2,907,105 | $ 1,808,879 | $ 935,850 | $ 206,796 |
| Percentage of Taxes Collected to Taxes Levied *** | 98.36% | 99.30% | 100% | 100% |

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 10, 2008
** Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 10, 2008
*** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-5. Long-Term Debt Service Requirements***
***Series 2019--by Years***
***June 30, 2022***

| Due During Fiscal Years Ending | Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2023 | $ 195,000 | $ 179,931 | $ 374,931 |
| 2024 | 205,000 | 170,931 | 375,931 |
| 2025 | 210,000 | 161,593 | 371,593 |
| 2026 | 220,000 | 152,193 | 372,193 |
| 2027 | 225,000 | 145,268 | 370,268 |
| 2028 | 235,000 | 140,668 | 375,668 |
| 2029 | 240,000 | 135,918 | 375,918 |
| 2030 | 250,000 | 131,018 | 381,018 |
| 2031 | 260,000 | 125,918 | 385,918 |
| 2032 | 270,000 | 120,618 | 390,618 |
| 2033 | 280,000 | 115,118 | 395,118 |
| 2034 | 285,000 | 109,290 | 394,290 |
| 2035 | 295,000 | 102,944 | 397,944 |
| 2036 | 305,000 | 96,004 | 401,004 |
| 2037 | 320,000 | 88,382 | 408,382 |
| 2038 | 330,000 | 80,257 | 410,257 |
| 2039 | 340,000 | 71,669 | 411,669 |
| 2040 | 355,000 | 62,547 | 417,547 |
| 2041 | 365,000 | 52,869 | 417,869 |
| 2042 | 380,000 | 42,150 | 422,150 |
| 2043 | 390,000 | 30,600 | 420,600 |
| 2044 | 405,000 | 18,675 | 423,675 |
| 2045 | 420,000 | 6,300 | 426,300 |
| | $ 6,780,000 | $ 2,340,861 | $ 9,120,861 |

See accompanying auditor's report.

*Fort Bend County Municipal Utility District No. 190*
*TSI-5. Long-Term Debt Service Requirements*
*Series 2019A Road--by Years*
*June 30, 2022*

| Due During Fiscal Years Ending | Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2023 | $ 125,000 | $ 114,694 | $ 239,694 |
| 2024 | 130,000 | 108,957 | 238,957 |
| 2025 | 135,000 | 102,994 | 237,994 |
| 2026 | 140,000 | 97,156 | 237,156 |
| 2027 | 145,000 | 92,906 | 237,906 |
| 2028 | 150,000 | 89,956 | 239,956 |
| 2029 | 155,000 | 86,906 | 241,906 |
| 2030 | 160,000 | 83,756 | 243,756 |
| 2031 | 165,000 | 80,506 | 245,506 |
| 2032 | 170,000 | 77,156 | 247,156 |
| 2033 | 175,000 | 73,706 | 248,706 |
| 2034 | 185,000 | 69,991 | 254,991 |
| 2035 | 190,000 | 65,888 | 255,888 |
| 2036 | 195,000 | 61,434 | 256,434 |
| 2037 | 205,000 | 56,556 | 261,556 |
| 2038 | 210,000 | 51,369 | 261,369 |
| 2039 | 220,000 | 45,856 | 265,856 |
| 2040 | 225,000 | 40,015 | 265,015 |
| 2041 | 235,000 | 33,831 | 268,831 |
| 2042 | 240,000 | 27,000 | 267,000 |
| 2043 | 250,000 | 19,650 | 269,650 |
| 2044 | 260,000 | 12,000 | 272,000 |
| 2045 | 270,000 | 4,050 | 274,050 |
| | $ 4,335,000 | $ 1,496,333 | $ 5,831,333 |

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-5. Long-Term Debt Service Requirements***
***Series 2020--by Years***
***June 30, 2022***

| Due During Fiscal Years Ending | Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2023 | $ 125,000 | $ 102,300 | $ 227,300 |
| 2024 | 130,000 | 96,563 | 226,563 |
| 2025 | 130,000 | 90,713 | 220,713 |
| 2026 | 135,000 | 84,750 | 219,750 |
| 2027 | 140,000 | 78,563 | 218,563 |
| 2028 | 145,000 | 73,238 | 218,238 |
| 2029 | 145,000 | 69,613 | 214,613 |
| 2030 | 150,000 | 66,663 | 216,663 |
| 2031 | 155,000 | 63,613 | 218,613 |
| 2032 | 160,000 | 60,462 | 220,462 |
| 2033 | 165,000 | 57,212 | 222,212 |
| 2034 | 170,000 | 53,862 | 223,862 |
| 2035 | 175,000 | 50,412 | 225,412 |
| 2036 | 180,000 | 46,862 | 226,862 |
| 2037 | 180,000 | 43,262 | 223,262 |
| 2038 | 185,000 | 39,612 | 224,612 |
| 2039 | 190,000 | 35,743 | 225,743 |
| 2040 | 200,000 | 31,600 | 231,600 |
| 2041 | 205,000 | 27,169 | 232,169 |
| 2042 | 210,000 | 22,500 | 232,500 |
| 2043 | 215,000 | 17,719 | 232,719 |
| 2044 | 220,000 | 12,825 | 232,825 |
| 2045 | 225,000 | 7,819 | 232,819 |
| 2046 | 235,000 | 2,644 | 237,644 |
| | $ 4,170,000 | $ 1,235,719 | $ 5,405,719 |

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-5. Long-Term Debt Service Requirements***
***Series 2020A Road--by Years***
***June 30, 2022***

| Due During Fiscal Years Ending | Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2023 | $ 75,000 | $ 62,806 | $ 137,806 |
| 2024 | 80,000 | 59,319 | 139,319 |
| 2025 | 80,000 | 55,719 | 135,719 |
| 2026 | 85,000 | 52,006 | 137,006 |
| 2027 | 85,000 | 48,181 | 133,181 |
| 2028 | 85,000 | 44,675 | 129,675 |
| 2029 | 90,000 | 42,181 | 132,181 |
| 2030 | 90,000 | 40,381 | 130,381 |
| 2031 | 95,000 | 38,531 | 133,531 |
| 2032 | 95,000 | 36,631 | 131,631 |
| 2033 | 100,000 | 34,681 | 134,681 |
| 2034 | 100,000 | 32,681 | 132,681 |
| 2035 | 105,000 | 30,631 | 135,631 |
| 2036 | 110,000 | 28,482 | 138,482 |
| 2037 | 110,000 | 26,282 | 136,282 |
| 2038 | 115,000 | 24,031 | 139,031 |
| 2039 | 115,000 | 21,659 | 136,659 |
| 2040 | 120,000 | 19,163 | 139,163 |
| 2041 | 125,000 | 16,481 | 141,481 |
| 2042 | 125,000 | 13,669 | 138,669 |
| 2043 | 130,000 | 10,800 | 140,800 |
| 2044 | 135,000 | 7,819 | 142,819 |
| 2045 | 140,000 | 4,725 | 144,725 |
| 2046 | 140,000 | 1,575 | 141,575 |
| | $ 2,530,000 | $ 753,109 | $ 3,283,109 |

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-5. Long-Term Debt Service Requirements***
***Series 2021--by Years***
***June 30, 2022***

| Due During Fiscal Years Ending | Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2023 | $ - | $ 265,288 | $ 265,288 |
| 2024 | 290,000 | 258,763 | 548,763 |
| 2025 | 295,000 | 245,600 | 540,600 |
| 2026 | 305,000 | 232,100 | 537,100 |
| 2027 | 315,000 | 218,150 | 533,150 |
| 2028 | 325,000 | 204,562 | 529,562 |
| 2029 | 330,000 | 194,762 | 524,762 |
| 2030 | 340,000 | 188,062 | 528,062 |
| 2031 | 350,000 | 181,162 | 531,162 |
| 2032 | 360,000 | 174,062 | 534,062 |
| 2033 | 370,000 | 166,762 | 536,762 |
| 2034 | 380,000 | 159,262 | 539,262 |
| 2035 | 390,000 | 151,075 | 541,075 |
| 2036 | 400,000 | 141,938 | 541,938 |
| 2037 | 410,000 | 132,319 | 542,319 |
| 2038 | 425,000 | 122,138 | 547,138 |
| 2039 | 435,000 | 111,388 | 546,388 |
| 2040 | 445,000 | 100,388 | 545,388 |
| 2041 | 460,000 | 89,076 | 549,076 |
| 2042 | 470,000 | 76,863 | 546,863 |
| 2043 | 485,000 | 63,731 | 548,731 |
| 2044 | 500,000 | 50,187 | 550,187 |
| 2045 | 510,000 | 36,300 | 546,300 |
| 2046 | 525,000 | 22,069 | 547,069 |
| 2047 | 540,000 | 7,425 | 547,425 |
| | $ 9,655,000 | $ 3,593,432 | $ 13,248,432 |

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-5. Long-Term Debt Service Requirements***
***Series 2021A Road--by Years***
***June 30, 2022***

| Due During Fiscal Years Ending | Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2023 | $ - | $ 90,069 | $ 90,069 |
| 2024 | 90,000 | 87,988 | 177,988 |
| 2025 | 90,000 | 83,825 | 173,825 |
| 2026 | 95,000 | 79,547 | 174,547 |
| 2027 | 95,000 | 75,153 | 170,153 |
| 2028 | 100,000 | 70,644 | 170,644 |
| 2029 | 100,000 | 66,269 | 166,269 |
| 2030 | 105,000 | 62,106 | 167,106 |
| 2031 | 105,000 | 58,431 | 163,431 |
| 2032 | 110,000 | 55,206 | 165,206 |
| 2033 | 115,000 | 51,831 | 166,831 |
| 2034 | 115,000 | 48,381 | 163,381 |
| 2035 | 120,000 | 44,856 | 164,856 |
| 2036 | 120,000 | 41,256 | 161,256 |
| 2037 | 125,000 | 37,581 | 162,581 |
| 2038 | 130,000 | 33,756 | 163,756 |
| 2039 | 130,000 | 29,856 | 159,856 |
| 2040 | 135,000 | 25,881 | 160,881 |
| 2041 | 140,000 | 21,756 | 161,756 |
| 2042 | 145,000 | 18,116 | 163,116 |
| 2043 | 150,000 | 14,982 | 164,982 |
| 2044 | 150,000 | 11,794 | 161,794 |
| 2045 | 155,000 | 8,553 | 163,553 |
| 2046 | 160,000 | 5,206 | 165,206 |
| 2047 | 165,000 | 1,753 | 166,753 |
| | $ 2,945,000 | $ 1,124,796 | $ 4,069,796 |

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-5. Long-Term Debt Service Requirements***
***All Bonded Debt Series--by Years***
***June 30, 2022***

| Due During Fiscal Years Ending | Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2023 | $ 520,000 | $ 815,088 | $ 1,335,088 |
| 2024 | 925,000 | 782,521 | 1,707,521 |
| 2025 | 940,000 | 740,444 | 1,680,444 |
| 2026 | 980,000 | 697,752 | 1,677,752 |
| 2027 | 1,005,000 | 658,221 | 1,663,221 |
| 2028 | 1,040,000 | 623,743 | 1,663,743 |
| 2029 | 1,060,000 | 595,649 | 1,655,649 |
| 2030 | 1,095,000 | 571,986 | 1,666,986 |
| 2031 | 1,130,000 | 548,161 | 1,678,161 |
| 2032 | 1,165,000 | 524,135 | 1,689,135 |
| 2033 | 1,205,000 | 499,310 | 1,704,310 |
| 2034 | 1,235,000 | 473,467 | 1,708,467 |
| 2035 | 1,275,000 | 445,806 | 1,720,806 |
| 2036 | 1,310,000 | 415,976 | 1,725,976 |
| 2037 | 1,350,000 | 384,382 | 1,734,382 |
| 2038 | 1,395,000 | 351,163 | 1,746,163 |
| 2039 | 1,430,000 | 316,171 | 1,746,171 |
| 2040 | 1,480,000 | 279,594 | 1,759,594 |
| 2041 | 1,530,000 | 241,182 | 1,771,182 |
| 2042 | 1,570,000 | 200,298 | 1,770,298 |
| 2043 | 1,620,000 | 157,482 | 1,777,482 |
| 2044 | 1,670,000 | 113,300 | 1,783,300 |
| 2045 | 1,720,000 | 67,747 | 1,787,747 |
| 2046 | 1,060,000 | 31,494 | 1,091,494 |
| 2047 | 705,000 | 9,178 | 714,178 |
| | $ 30,415,000 | $ 10,544,250 | $ 40,959,250 |

See accompanying auditor's report.

***Fort Bend County Municipal Utility District No. 190***
***TSI-6. Change in Long-Term Bonded Debt***
***June 30, 2022***

| | Bond Issue | | | |
|---|---|---|---|---|
| | Series 2019 | Series 2019A Road | Series 2020 | Series 2020A Road |
| Interest rate | 2.00% - 4.50% | 2.00% - 4.50% | 2.00% - 4.50% | 2.00% - 4.50% |
| Dates interest payable | 9/1; 3/1 | 9/1; 3/1 | 9/1; 3/1 | 9/1; 3/1 |
| Maturity dates | 9/1/21 - 9/1/44 | 9/1/21 - 9/1/44 | 9/1/22 - 9/1/45 | 9/1/22 - 9/1/45 |
| Beginning bonds outstanding | $ 6,970,000 | $ 4,455,000 | $ 4,170,000 | $ 2,530,000 |
| Bonds issued | | | | |
| Bonds retired | (190,000) | (120,000) | | |
| Ending bonds outstanding | $ 6,780,000 | $ 4,335,000 | $ 4,170,000 | $ 2,530,000 |
| Interest paid during fiscal year | $ 188,594 | $ 120,206 | $ 105,113 | $ 64,494 |
| Paying agent's name and city<br>All Series | Regions Bank, an Alabama state banking corporation, Houston, TX | | | |

| Bond Authority: | Water, Sewer and Drainage Bonds | Parks and Recreational Bonds | Road Bonds |
|---|---|---|---|
| Amount Authorized by Voters | $ 131,630,200 | $ 19,500,000 | $ 70,708,000 |
| Amount Issued | (20,795,000) | | (9,930,000) |
| Remaining To Be Issued | $ 110,835,200 | $ 19,500,000 | $ 60,778,000 |

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

| | |
|---|---|
| Debt Service Fund cash and investment balances as of June 30, 2022: | $ 1,979,779 |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | $ 1,638,370 |

See accompanying auditor's report.

| Bond Issue | | |
|---|---|---|
| Series 2021 | Series 2021A Road | Totals |
| 2.00% - 4.50%<br>9/1; 3/1<br>9/1/23 - 9/1/46 | 2.125% - 4.625%<br>9/1; 3/1<br>9/1/23 - 9/1/46 | |
| $ - | $ - | $ 18,125,000 |
| 9,655,000 | 2,945,000 | 12,600,000 |
| | | (310,000) |
| $ 9,655,000 | $ 2,945,000 | $ 30,415,000 |
| $ 66,322 | $ 22,517 | $ 567,246 |

***Fort Bend County Municipal Utility District No. 190***
***TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund***
***For the Last Five Fiscal Years***

| | Amounts | | | | |
|---|---|---|---|---|---|
| | 2022** | 2021** | 2020** | 2019 | 2018 |
| Revenues | | | | | |
| Water service | $ 597,542 | $ 401,146 | $ 298,489 | $ 147,104 | $ 39,281 |
| Sewer service | 356,404 | 243,755 | 192,432 | 88,662 | 20,270 |
| Property taxes | 1,154,395 | 895,372 | 455,243 | 217,831 | 94521 |
| Penalties and interest | 29,103 | 14,357 | 8,107 | 7,456 | 3,401 |
| Regional Water Authority fees | 695,059 | 463,091 | 331,712 | 144,296 | 54,434 |
| Tap connection and inspection | 428,307 | 726,850 | 487,738 | 375,162 | 352,416 |
| Miscellaneous | 52,593 | 49,240 | 26,990 | 5,591 | 1,180 |
| Investment earnings | 4,041 | 730 | 708 | 486 | 170 |
| Total Revenues | 3,317,444 | 2,794,541 | 1,801,419 | 986,588 | 565,673 |
| Expenditures | | | | | |
| Current service operations | | | | | |
| Purchased services | | 29,091 | 124,148 | 193,668 | 50,687 |
| Professional fees | 107,747 | 134,175 | 154,895 | 126,309 | 125,818 |
| Contracted services | 500,450 | 467,407 | 664,368 | 265,308 | 184,469 |
| Repairs and maintenance | 388,777 | 260,092 | 208,376 | 117,551 | 24,548 |
| Utilities | 98,229 | 84,233 | 53,361 | 10,065 | |
| Regional Water Authority fees | 958,380 | 482,698 | 209,700 | | |
| Lease | | 390,750 | 203,500 | | |
| Administrative | 89,015 | 43,519 | 60,191 | 35,944 | 19,587 |
| Other | 9,824 | 9,539 | 8,804 | 7,599 | 6,219 |
| Debt Service | | | | | |
| Lease - principal | 341,041 | | | | |
| Lease - interest | 105,959 | | | | |
| Capital outlay | | 577,750 | | | |
| Total Expenditures | 2,599,422 | 2,479,254 | 1,687,343 | 756,444 | 411,328 |
| Revenues Over/(Under) Expenditures | $ 718,022 | $ 315,287 | $ 114,076 | $ 230,144 | $ 154,345 |
| Total Active Retail Water Connections | 1,394 | 1,116 | 775 | 455 | 237 |
| Total Active Retail Wastewater Connections | 1,365 | 1,094 | 755 | 439 | 227 |

*Percentage is negligible

** Classification of expenditures related to lease payments in FYE 2022 is not consistent with the classification of expenditures for those same leases in prior years due to the implementation of GASB 87. See Notes 3 and 8.

See accompanying auditor's report.

| Percent of Fund Total Revenues | | | | |
|---|---|---|---|---|
| 2022 | 2021 | 2020** | 2019 | 2018 |
| 18% | 14% | 18% | 14% | 6% |
| 11% | 9% | 11% | 9% | 4% |
| 34% | 31% | 25% | 22% | 17% |
| 1% | 1% | * | 1% | 1% |
| 21% | 17% | 18% | 15% | 10% |
| 13% | 26% | 27% | 38% | 62% |
| 2% | 2% | 1% | 1% | * |
| * | * | * | * | * |
| 100% | 100% | 100% | 100% | 100% |
| | | | | |
| | 1% | 7% | 20% | 9% |
| 3% | 5% | 9% | 13% | 22% |
| 15% | 17% | 37% | 27% | 33% |
| 12% | 9% | 12% | 12% | 4% |
| 3% | 3% | 3% | 1% | |
| 29% | 17% | 12% | | |
| | 14% | 11% | | |
| 3% | 2% | 3% | 4% | 3% |
| * | * | * | 1% | 1% |
| | | | | |
| 10% | | | | |
| 3% | | | | |
| | 21% | | | |
| 78% | 89% | 94% | 78% | 72% |
| 22% | 0.11 | 0.06 | 22% | 28% |

***Fort Bend County Municipal Utility District No. 190***
***TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund***
***For the Last Three Fiscal Years***

| | Amounts | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Revenues | | | |
| Property taxes | $ 1,717,698 | $ 908,875 | $ 473,441 |
| Penalties and interest | 12,082 | 11,332 | 3,295 |
| Investment earnings | 3,456 | 502 | 859 |
| Total Revenues | 1,733,236 | 920,709 | 477,595 |
| | | | |
| Expenditures | | | |
| Tax collection services | 39,463 | 27,764 | 12,714 |
| Other | 391 | 84 | 493 |
| Debt service | | | |
| Principal | 310,000 | | |
| Interest and fees | 555,664 | 388,999 | 148,239 |
| Total Expenditures | 905,518 | 416,847 | 161,446 |
| | | | |
| Revenues Over Expenditures | $ 827,718 | $ 503,862 | $ 316,149 |

*Percentage is negligible

See accompanying auditor's report.

| Percent of Fund Total Revenues | | |
|---|---|---|
| 2022 | 2021 | 2020 |
| | | |
| 99% | 99% | 99% |
| 1% | 1% | 1% |
| * | * | * |
| 100% | 100% | 100% |
| | | |
| 2% | 3% | 3% |
| * | * | * |
| | | |
| 18% | | |
| 32% | 42% | 31% |
| 52% | 45% | 34% |
| | | |
| 48% | 55% | 66% |

***Fort Bend County Municipal Utility District No. 190***
***TSI-8. Board Members, Key Personnel and Consultants***
***For the Year Ended June 30, 2022***

| | |
|---|---|
| Complete District Mailing Address: | 3200 Southwest Freeway, Suite 2600, Houston, TX 77027 |
| District Business Telephone Number: | (713) 860-6400 |
| Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054): | May 10, 2022 |
| Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600) | $ 7,200 |

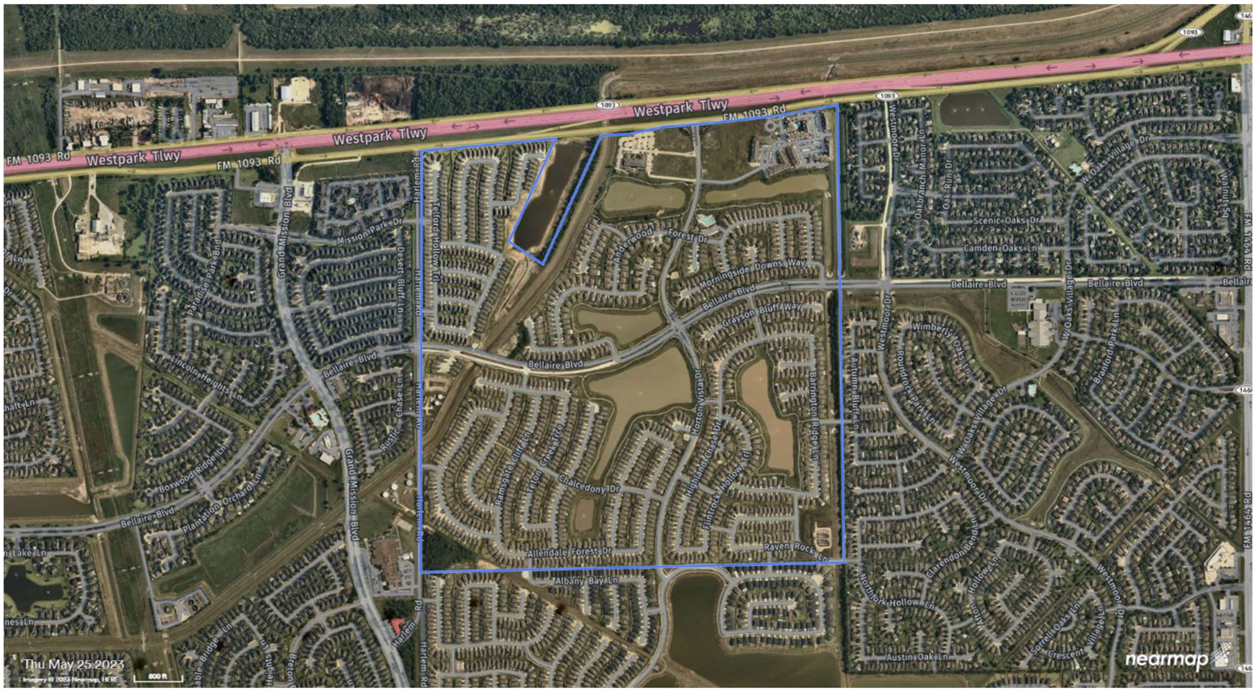
| Names: | Term of Office (Elected or Appointed) or Date Hired | Fees of Office Paid * | Expense Reimburse- ments | Title at Year End |
|---|---|---|---|---|
| Board Members | | | | |
| Randy Young | 5/22 - 5/26 | $ 1,800 | $ 273 | President |
| Tracy M. Youngblood | 5/22 - 5/26 | 2,400 | 878 | Vice President |
| Ronald D. Petersen | 5/22 - 5/26 | 3,000 | 3,106 | Assistant Vice President |
| Glen Vinklarek | 5/20 - 5/24 | 2,700 | 394 | Secretary |
| Shannon Frederick | 5/20 - 5/24 | 1,950 | 1,136 | Assistant Secretary |
| | | Amounts Paid | | |
| Consultants | | | | |
| Allen Boone Humphries Robinson LLP | 2008 | | | Attorney |
| *General legal fees* | | $ 87,131 | | |
| *Bond counsel* | | 333,902 | | |
| Myrtle Cruz, Inc. | 2008 | 26,327 | | Bookkeeper |
| Assessments of the Southwest, Inc. | 2008 | 13,842 | | Tax Collector |
| Si Environmental | 2017 | 600,486 | | Operator |
| Fort Bend Central Appraisal District | Legislative | 14,356 | | Property Valuation |
| Perdue, Brandon, Fielder, Collins & Mott, LLP | 2017 | 3,455 | | Delinquent Tax Attorney |
| Jones & Carter | 2017 | 41,739 | | Engineer |
| McGrath & Co., PLLC | 2017 | 25,800 | | Auditor |
| R.W. Baird & Co., Inc. | 2017 | 254,974 | | Financial Advisor |

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

See accompanying auditor's report.

**APPENDIX B**

**AERIAL OF THE DISTRICT**



## APPENDIX C

## SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY
MUNICIPAL

# 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