OFFICIAL STATEMENT DATED OCTOBER 4, 2023

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 220, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS –Qualified Tax-Exempt Obligations."

NEW ISSUE—BOOK-ENTRY-ONLY **RATING: Insured "AA" (stable outlook) S&P**
CUSIP No. 34686T **See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein**

$4,800,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 220

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

UNLIMITED TAX ROAD BONDS

SERIES 2023

Dated: November 1, 2023 **Due: March 1 (as shown below)**
Interest Accrues from: Date of Delivery

The $4,800,000 Unlimited Tax Road Bonds, Series 2023 (referred to herein as the "Bonds" or the "Series 2023 Road Bonds") are being issued by Fort Bend County Municipal Utility District No. 220 (the "District"). Principal of the Bonds is payable at maturity or prior redemption. Interest on the Bonds initially accrues from date of delivery of the Bonds and is payable on March 1, 2024. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds will mature in the amounts, on the dates, and bear interest at the rates and be reoffered as set forth below.

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

ASSURED GUARANTY MUNICIPAL

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)	Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)
$75,000	2025	7.75%	4.30%	$150,000	2037 (b)	5.00%	4.85%
$75,000	2026	7.75%	4.30%	$150,000	2038 (b)	5.00%	4.90%
$100,000	2027	7.75%	4.30%	***	***	***	***
$100,000	2028	7.75%	4.30%	$175,000	2041 (b)	5.00%	5.03%
$100,000	2029 (b)	7.75%	4.30%	$200,000	2042 (b)	5.00%	5.06%
$100,000	2030 (b)	7.75%	4.30%	$200,000	2043 (b)	5.00%	5.08%
$125,000	2031 (b)	7.75%	4.30%	$200,000	2044 (b)	5.00%	5.10%
***	***	***	***	$225,000	2045 (b)	5.00%	5.11%
$125,000	2034 (b)	6.75%	4.45%	$225,000	2046 (b)	5.00%	5.12%
$125,000	2035 (b)	6.00%	4.50%	$250,000	2047 (b)	5.00%	5.13%
$150,000	2036 (b)	5.00%	4.75%	$250,000	2048 (b)	5.00%	5.14%

$250,000 7.75% Term Bond Due March 1, 2033 to Yield 4.40% (a) (b) (c)
$350,000 5.00% Term Bond Due March 1, 2040 to Yield 5.00% (a) (b) (c)
$550,000 5.00% Term Bond Due March 1, 2050 to Yield 5.15% (a) (b) (c)
$550,000 5.00% Term Bond Due March 1, 2052 to Yield 5.16% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed.

(b) The Bonds maturing on or after March 1, 2029, are subject to redemption in whole or from time to time in part, at the option of the District, on March 1, 2028, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds of a maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

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

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

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about November 7, 2023.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas, 77056, upon the payment of the costs of duplication thereof.

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

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM, supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2023 Road Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), paying the interest rates shown on the cover page hereof, at a price of 97.004630% of the principal amount thereof, which resulted in a net effective interest rate of 5.382615% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

Prices and Marketability

Subject to certain limitations described further in the NOTICE OF SALE, the District has no understanding with the Underwriter regarding the initial reoffering yields or prices of the Bonds. Information concerning initial reoffering yields or prices is the responsibility of the Underwriter.

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

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of 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 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 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 and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any 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.

OFFICIAL STATEMENT SUMMARY

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

Issuer The District is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the "TCEQ") on January 6, 2017, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District includes within its boundaries approximately 247 acres of land and is in the process of annexing approximately 30 acres of land that, if successful, would increase the District's boundaries to approximately 277 acres. The District is located in Fort Bend County, Texas. See "THE DISTRICT – Description and Location."

Location The District is located approximately 35 miles west southwest of the central downtown business district of the City of Houston and lies wholly within the boundaries of Lamar Consolidated Independent School District. The District is located within the extraterritorial jurisdiction ("ETJ") of the City of Fulshear. The District is bounded on the east by FM359, on the north by the Pecan Hill Subdivision, on the west by Pool Hill Road and on the south by Hunt Road. See "THE DISTRICT" and "AERIAL LOCATION MAP."

The Developer The original Developer in the District was Vanbrooke, LLC (referred to herein as the "Original Developer"), a Texas limited liability company and single purpose entity created by Land Tejas Companies, Ltd., solely for the purpose of developing the land located within the District. The Managing Member of the Original Developer is Vanbrooke Development, LLC, whose Manager is L.T. Partnership, Ltd., whose General Partner is L.T. Management, Inc., whose president is Mr. Al P. Brende. Mr. Brende is also the President of Land Tejas Companies, Ltd.

In December 2021, the Original Developer sold its interest in the project located in the District to Astro Vanbrooke LP, a Delaware limited partnership created by a joint venture that included Mr. Al P. Brende and Starwood Land Astro Venture LP. Astro Vanbrooke LP is a special purpose entity established solely for the purpose of developing land and marketing developed land within the District. Astro Vanbrooke LP has an agreement with Land Strategies Management LLC who has entered into a management agreement with the Land Tejas companies for the purpose of managing the day to day development activities within the District. The Original Developer has assigned its developer financing agreement with the District to Astro Vanbrooke LP. The Original Developer and Astro Vanbrooke LP are collectively referred to herein as the "Developer."

LOB West, Inc. has recently purchased approximately 10 acres in the District and is in the process of purchasing another approximately 30 acres that is in the process of being annexed into the District. According to representatives of LOB West, Inc. they currently plan to develop substantially all of the land for single-family purposes; it is currently anticipated that such land development work will begin during the first half of calendar year 2024."

Status of Development As of August 1, 2023, residential development in the District includes 604 completed homes, 7 homes under construction, and 42 vacant developed lots. Approximately 567 of the completed homes were occupied. Homes in the District are currently being constructed by History Maker Homes, Anglia Homes, Long Lakes Homes, and Westin Homes. Homes in the District are being marketed with an average sale price of approximately $371,965. See "THE DISTRICT – Status of Land Development/Land Uses in the District," and "– Current Status of Development."

Outstanding Bonds The District has previously issued the following series of bonds for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending water, sanitary sewer, and drainage and storm sewer facilities: $6,795,000 Unlimited Tax Bonds, Series 2020; $7,500,000 Unlimited Tax Bonds, Series 2021; $12,500,000 Unlimited Tax Bonds, Series 2022 (the "Outstanding Bonds").

Payment Record The District has never defaulted on the payment of interest or principal on any of its obligations.

THE BONDS

Description	The $4,800,000 Unlimited Tax Road Bonds, Series 2023 (herein the "Bonds" or the "Series 2023 Road Bonds"), are being issued as fully registered bonds pursuant to an order (the "Bond Order") authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature on March 1 of the years as shown on the cover page of this Official Statement. The Bonds will be issued in book-entry form only in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds initially accrues from the date of delivery and is payable on March 1, 2024. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. See "THE BONDS."
Book-Entry-Only System	The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC or its designee. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption	Bonds maturing on or after March 1, 2029, are subject to redemption at the option of the District in whole, or from time to time in part, prior to their maturity dates on March 1, 2028, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Redemption Provisions." The Bonds maturing on March 1 in the years 2033, 2040, 2050 and 2052 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on March 1 in the years 2032, 2039, 2049 and 2051 respectively. See "THE BONDS – Mandatory Redemption."
Use of Proceeds	Proceeds from the sale of the Bonds will be used by the District to: (1) reimburse the Developer for certain road related costs including developer interest costs; (2) pay for certain land costs; (3) fund $240,000 of capitalized interest of the Bonds; and (4) pay for costs associated with the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance	The Series 2023 Road Bonds are the first series of bonds issued out of an aggregate of $58,850,000 principal amount of unlimited tax road bonds authorized by the District's voters for the purpose of road construction. The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District on May 6, 2017; and pursuant to the Bond Order adopted by the Board. See "THE BONDS – Authority for Issuance."
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City of Fulshear or any entity other than the District. See "THE BONDS – Source and Security for Payment."
Municipal Bond Insurance & Rating	S&P has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. See "MUNICIPAL BOND RATING," "BOND INSURANCE," and APPENDIX B – Specimen Municipal Insurance Policy."
Qualified Tax-Exempt Obligations	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS - Qualified Tax-Exempt Obligations."
Bond Counsel	Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT – District Consultants" and "LEGAL MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor	The GMS Group, L.L.C., Houston, Texas. See "MANAGEMENT OF THE DISTRICT – District Consultants."
Paying Agent/Registrar	Regions Bank, an Alabama banking corporation, Houston, Texas. See "THE BONDS – Method of Payment of Principal and Interest."

RISK FACTORS

The purchase and ownership of the Bonds are subject to special risk factors. Prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned "RISK FACTORS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

6/1/2023 Estimated Taxable Value	$221,103,368	(a)
2023 Certified Taxable Value	$205,629,576	(b)
Direct Debt		
Outstanding Bonds	$26,520,000	
The Bonds	$4,800,000	
Total Direct Debt	$31,320,000	
Estimated Overlapping Debt	$21,581,579	
Direct and Estimated Overlapping Debt	$52,901,579	
Percentage of Direct Debt to:		
6/1/2023 Estimated Taxable Value	14.17%	
2023 Certified Taxable Value	15.23%	
Percentage of Direct and Estimated Overlapping Debt to:		
6/1/2023 Estimated Taxable Value	23.93%	
2023 Certified Taxable Value	25.73%	
2023 Tax Rate Per $100 of Assessed Value		
Debt Service Tax	$0.54	
Maintenance Tax	$0.85	
Total 2023 Tax Rate	$1.39	
Cash and Temporary Investment Balances		
General Fund as of August 2, 2023	$1,319,817	(c)
Bond Fund as of August 2, 2023	$339,982	
Pro-Forma Road Bond Fund	$240,000	(d)

(a) Reflects data supplied by Fort Bend Central Appraisal District ("FBCAD"). The Estimated Taxable Value as of June 1, 2023, was prepared by FBCAD and provided to the District. Such values are not binding on FBCAD. The new values (subsequent to January 1, 2023) will not be included on the District's tax roll until the 2024 tax roll is prepared and certified by FBCAD during the second half of 2024. See "TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the 2023 Certified Taxable Value according to data supplied to the District by FBCAD. The value above excludes $7,126,909 (which is the owner's opinion of value) of property that is still in the certification process. See "TAX DATA."

(c) See "THE SYSTEM – District Operations."

(d) The figure above includes $240,000 of capitalized interest to be funded with Bond proceeds and deposited in the District's Road Bond Fund on the day of closing of the Bonds. Neither Texas law nor the Bond Order requires that the District maintain any particular balance in the Road Bond Fund. See "TAX DATA."

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 220
(A political subdivision of the State of Texas located within Fort Bend County)

$4,800,000
UNLIMITED TAX ROAD BONDS
SERIES 2023

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 220 (the "District") of its $4,800,000 Unlimited Tax Road Bonds, Series 2023 (herein the "Bonds" or the "Series 2023 Road Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution; the general laws of the State of Texas, particularly Chapters 49 and 54, Texas Water Code, as amended; an election held within the District on May 6, 2017; and pursuant to an order (the "Bond Order") adopted by the Board of Directors (the "Board") of the District.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, the Developer (defined herein), the homebuilders building homes in the District, and the development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056, upon payment of duplication costs therefor.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated November 1, 2023, with interest payable on March 1, 2024, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the date of delivery of the Bonds, and thereafter, from the most recent Interest Payment Date. The Bonds mature on March 1 of the years and in the amounts shown on the cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At an election held within the District on May 6, 2017, voters of the District authorized a total of $58,850,000 in principal amounts of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending road facilities. The Bonds constitute the first issuance of road bonds by the District. After the issuance of the Bonds, a total of $54,050,000 in principal amount of unlimited tax road bonds for road facilities will remain authorized but unissued. See "Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article III, Section 52 of the Texas Constitution; and the general laws of the State of Texas specifically, Chapters 49 and 54 of the Texas Water Code, as amended.

At the above-described election, voters in the District also authorized the issuance of $83,027,000 in principal amounts of unlimited tax road bonds for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending water, sanitary sewer, and drainage and storm sewer facilities, of which $56,232,000 in principal amount of bonds remains authorized but unissued. Also authorized at the above-described election was $18,441,000 in principal amount of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending recreational facilities with no bonds having been issued from such authorization. See "Financing Road Facilities" and "Financing Recreational Facilities" below.

Source and Security for Payment

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

Funds

The Bond Order confirms the establishment of the District's Construction Fund and Bond Fund pursuant to the orders of the District authorizing the issuance of the Outstanding Bonds. The Bond Order also creates and establishes within the Construction Fund a special account to be known and designed as the Road Construction Fund Account (the "Road Construction Fund") and within the Bond Fund the Bond Fund Road Bond Account (the "Road Bond Fund"). An amount equal to $240,000 of capitalized interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the Road Bond Fund. All remaining proceeds of the Bonds will be deposited in the Road Construction Fund. The Road Bond Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's duly authorized additional road bonds payable in whole or part from taxes. Amounts on deposit in the Road Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional road bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Record Date

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

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 2029, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2028, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent-Registrar at least thirty (30) calendar days prior to the date fixed for redemption ("Redemption Date"), in the manner specified in the Bond Order.

Mandatory Redemption

The Term Bonds maturing March 1 in the years 2033, 2040, 2050 and 2052 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown on the table(s) below.

$250,000 Term Bonds, due March 1, 2033

Mandatory Redemption Date	Principal Amount
March 1, 2032	$125,000
March 1, 2033 (maturity)	$125,000

$350,000 Term Bonds, due March 1, 2040

Mandatory Redemption Date	Principal Amount
March 1, 2039	$175,000
March 1, 2040 (maturity)	$175,000

$550,000 Term Bonds, due March 1, 2050

Mandatory Redemption Date	Principal Amount
March 1, 2049	$275,000
March 1, 2050 (maturity)	$275,000

$550,000 Term Bonds, due March 1, 2052

Mandatory Redemption Date	Principal Amount
March 1, 2051	$275,000
March 1, 2052 (maturity)	$275,000

Notice of Redemption; Partial Redemption:

While the Bonds are in book-entry-only form, pursuant to the Bond Order, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of each exercise of the right of redemption will be given at least 30 calendar days prior to the date fixed for redemption by the mailing of a notice by the Paying Agent/Registrar to each of the registered owners of the Bonds to be redeemed at the address shown on the records of the Paying Agent/Registrar on the date which is 45 calendar days prior to the redemption date. When Bonds have been called for redemption, the right of the registered owners of such Bonds to collect interest which would otherwise accrue after the date for redemption will be terminated.

The Bonds of a denomination larger than $5,000 in principal amount may be redeemed in part ($5,000 in principal or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal.

Effects of Redemption

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

Method of Payment of Principal and Interest

The Board has appointed Regions Bank, an Alabama banking corporation, having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

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

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Outstanding Bonds

The District has previously issued the following series of bonds for the purpose of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending water, sanitary sewer, and drainage and storm sewer facilities: $6,795,000 Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds"); $7,500,000 Unlimited Tax Bonds, Series 2021 (the "Series 2021 Bonds"); $12,500,000 Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds", collectively, the "Outstanding Bonds").

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $58,850,000 principal amount of unlimited tax road bonds for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending road facilities. Following the issuance of the Bonds, the District will have $54,050,000 principal amount of unlimited tax road bonds authorized but unissued for said improvements and facilities and a total of $29,425,000 principal amount of unlimited tax refunding bonds authorized and unissued for the purpose of refunding outstanding bonds of the District issued to finance road facilities. See “Financing Road Facilities.”

The District's voters also authorized the issuance of $18,441,000 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending recreational facilities, from which no bonds have been issued, and authorized the issuance of $83,027,000 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending water, sanitary sewer, and drainage and storm sewer facilities, from which the District has $56,232,000 principal amount of unlimited tax bonds authorized but unissued. The District's voters have also authorized a total of $50,734,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District issued to finance water, sanitary sewer, and drainage and storm sewer facilities, or recreational facilities, and could authorize additional amounts. See “Financing Recreational Facilities.” Additional amounts of bonds could be authorized by the District's voters.

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

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

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution and Chapter 54 of the Texas Water Code, as amended, conservation and reclamation districts created pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District and at an election held within the District on May 6, 2017, voters of the District authorized a total of $58,850,000 principal amount of unlimited tax road bonds for purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending road facilities. See " – Issuance of Additional Debt" herein and “RISK FACTORS – Future Debt." The Bonds are the first issuance of bonds from such authority.

Financing Recreational Facilities

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

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

In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District. At an election held within the District on May 6, 2017, the voters authorized a total of $18,441,000 principal amount of unlimited tax bonds for the purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending recreational facilities and could authorize additional amounts. The District has not issued any bonds from said authorization.

Issuance of bonds for recreational facilities may dilute the security for the Bonds.

Annexation

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

Consolidation

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

Remedies in Event of Default

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

Defeasance

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

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

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

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

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

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

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District (or the Trustee on behalf thereof) 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).

Principal, premium, if any, interest payments and redemption proceeds on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or Paying 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, the Paying Agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, if any, interest payments and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used by the District to: (1) reimburse the Developer for certain road related costs including developer interest costs; (2) pay for certain land costs; (3) fund $240,000 of capitalized interest of the Bonds; and (4) pay for costs associated with the issuance of the Bonds.

CONSTRUCTION COSTS:	**Total Amount**	
Developer Contribution Items		
Hunt Road - Phase I - Paving	$689,565	
Hunt Road - Phase II - Paving	$839,949	
Vanbrooke - Section 1 - Paving	$1,143,484	
Engineering and Testing	$339,958	
Total Developer Contribution Items	*$3,012,956*	
District Items		
Land Costs	$591,497	
Total District Items	*$591,497*	
TOTAL CONSTRUCTION RELATED COSTS	**$3,604,453**	
NON-CONSTRUCTION COSTS:		
Legal Fees	$130,000	
Fiscal Agent Fees	$96,000	
Capitalized Interest	$240,000	(a)
Developer Interest	$540,497	
Bond Discount	$143,778	
Bond Issuance Expenses	$40,250	
Attorney General Fee	$4,800	
Contingency	$222	(b)
TOTAL NON-CONSTRUCTION COSTS	**$1,195,547**	
TOTAL BOND ISSUE REQUIREMENT	**$4,800,000**	

(a) The District will capitalize $240,000 of interest with proceeds of the Bonds.

(b) The contingency represents the difference in the estimated and actual amount of Bond Discount.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated January 6, 2017, pursuant to Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City is subject to the continuing supervisory jurisdiction of the TCEQ.

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

Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."

Description and Location

The District currently includes within its boundaries approximately 247 acres of land in west Fort Bend County. See "Land Use" herein. The District is located approximately 35 miles west southwest of the central downtown business district of the City of Houston and lies wholly within the boundaries of the Lamar Consolidated Independent School District. The District is located within the extraterritorial jurisdiction of the City of Fulshear. The District is bounded on the east by FM359, on the north by the Pecan Hill Subdivision, on the west by Pool Hill Road and on the south by Hunt Road. See "AERIAL LOCATION MAP."

The District, the Developer, and the City of Fulshear are in discussions regarding the potential annexation of approximately 30 acres into the boundaries of the District. If the annexation is successful, the District will contain approximately 277 acres. The District makes no representations that the subject property will be annexed into the District at any point in the future.

Status of Land Development/Land Uses in the District

A summary of the approximate land use in the District as of August 1, 2023, appears in the table below:

Type of Land Use	Approximate Acres	
Fully developed acres	155	(a)
Acres that are presently under development	0	
Remaining developable acres	10	
Undevelopable acres	82	(b)
Total approximate acres	**247**	

(a) Represents acreage in Vanbrooke, Sections 1-3, which includes 653 developed lots. Homes in these sections are being constructed by History Maker Homes, Anglia Homes, Long Lake Homes, and Westin Homes with an average sales price of approximately $371,965.

(b) Includes land in detention ponds, drainage channels, District water plant and wastewater plant sites, and land that is used as open space.

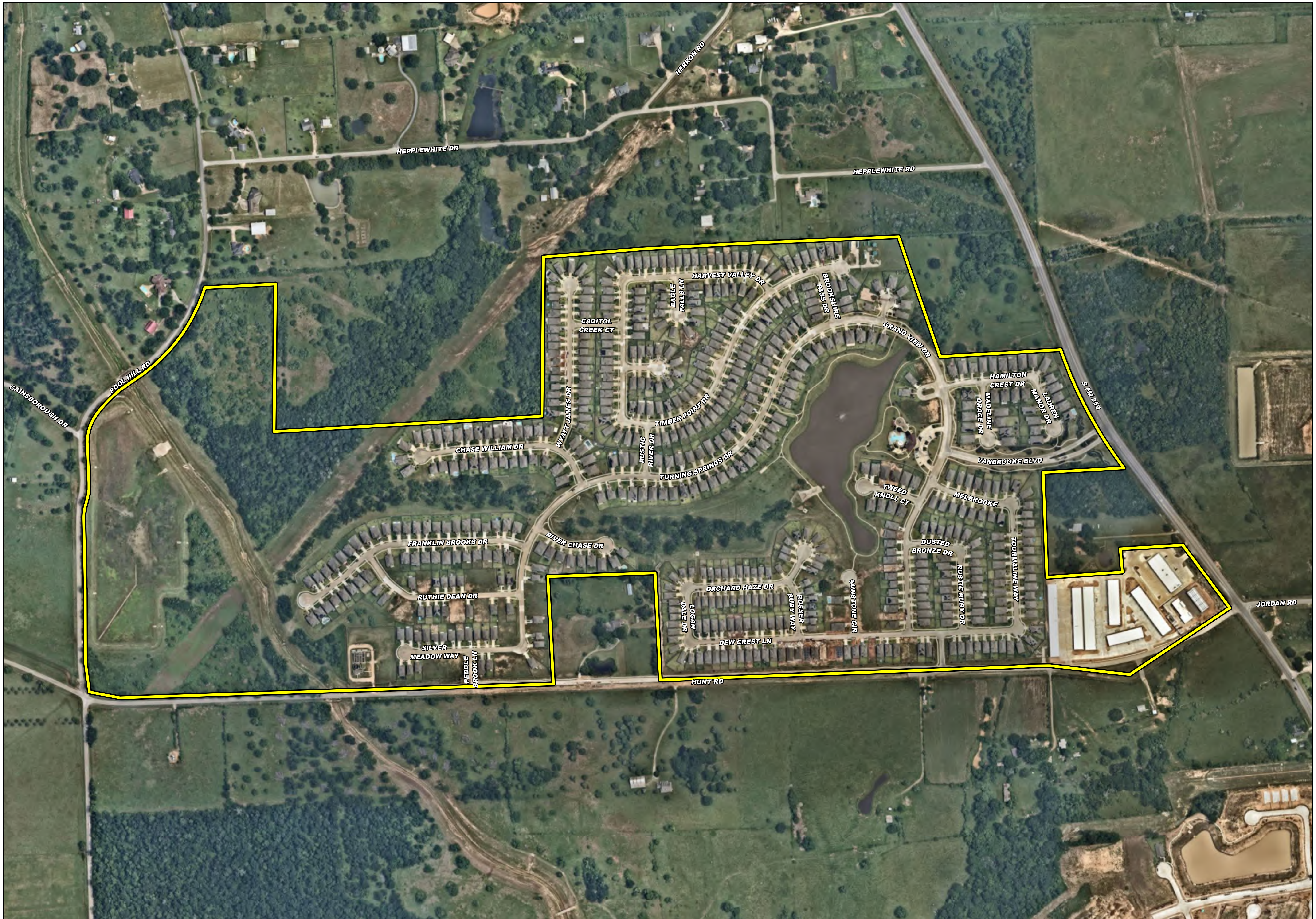
Current Status of Residential Development in the District

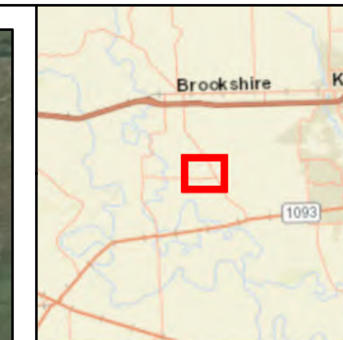
Approximate tabulation of the single-family residential development within the District as of August 1, 2023, is as follows:

	Approximate Acreage	Total Lots	Completed Homes	Homes Under Construction	Vacant Developed Lots
Vanbrooke, Section 1	42	171	164	1	6
Vanbrooke, Section 2	62	266	235	0	31
Vanbrooke, Section 3	51	216	205	6	5
Vanbrooke, Section 4 (a)	10	-	-	-	-
Other Areas	-	-	-	-	-
Total	**165**	**653**	**604**	**7**	**42**

(a) The land within this section is currently undeveloped. According to the Developer it is currently anticipated that such land will be developed into approximately 7 lots at some point in time in the future.

AERIAL PHOTOGRAPH





VICINITY MAP
1 INCH = 10 MILES

LEGEND
District Boundary

DISTRICT OVERALL

FBCMUD No. 220
FORT BEND COUNTY, TEXAS

N W E S

0 500
1 INCH : 500 FEET
IMAGERY PROVIDED BY NEARMAP

Disclaimer: This product is offered for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property, governmental and/or political boundaries or related facilities to said boundary. No express warranties are made by Quiddity Engineering concerning the accuracy, completeness, reliability, or usability of the information included within this exhibit.

QUIDDITY
Texas Board of Professional Engineers Registration No. F-23290

Path: V:\Practice Workspace\Corporate Services\GIS\Projects\0_Individuals\S_Keasler\FBCMUD220\Aerial_Overall_11x17.mxd Project Number: 00071-0224-01-002 Date: 8/25/2023 User Name: adal

THE DEVELOPER

Role of a Developer

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

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

The Developers

The Original Developer in the District was Vanbrooke, LLC (referred to herein as the "Original Developer"), a Texas limited liability company and single purpose entity created by Land Tejas Companies, Ltd., solely for the purpose of developing the land located within the District. The Managing Member of the Original Developer is Vanbrooke Development, LLC, whose Manager is L.T. Partnership, Ltd., whose General Partner is L.T. Management, Inc., whose president is Mr. Al P. Brende. Mr. Brende is also the President of Land Tejas Companies, Ltd.

In December 2021, the Original Developer sold its interest in the project located in the District to Astro Vanbrooke LP, a Delaware limited partnership created by a joint venture that included Mr. Al P. Brende and Starwood Land Astro Venture LP. Astro Vanbrooke LP is a special purpose entity established solely for the purpose of developing land and marketing developed land within the District. Astro Vanbrooke LP has an agreement with Land Strategies Management LLC who has entered into a management agreement with the Land Tejas companies for the purpose of managing the day to day development activities within the District. The Original Developer has assigned its developer financing agreement with the District to Astro Vanbrooke LP. The Original Developer and Astro Vanbrooke LP are collectively referred to herein as the "Developer."

LOB West, Inc. has recently purchased approximately 10 acres in the District and is in the process of purchasing another approximately 30 acres that is in the process of being annexed into the District. According to representatives of LOB West, Inc. they currently plan to develop substantially all of the land for single-family purposes; it is currently anticipated that such land development work will begin during the first half of calendar year 2024."

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year staggered terms and elections are held in May in even numbered years. None of the Board members reside within the District. The current members and officers of the Board, along with their titles and terms, are listed as follows:

NAME	TITLE	TERM EXPIRES MAY
Chad LeBouf	President	2024
Kristin Gehringer	Vice President	2024
Brent Dahl	Secretary	2024
Brad Colliander	Assistant Secretary	2026
Gene Krejci	Director	2026

District Consultants

The District does not have a general manager or other full-time employees, but contracts for certain necessary services as described below.

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

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., serves as Disclosure Counsel to the District. The fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: The GMS Group, L.L.C. serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the District as of July 31, 2022, and for the year then ended, included in this offering document, have been audited by FORVIS, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Engineer: The District's consulting engineer is Quiddity Engineering, LLC (the "Engineer").

Bookkeeper: The District has contracted with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services.

Utility System Operator: The operator of the District is Inframark, LLC (the "Operator").

Tax Appraisal: The Fort Bend Central Appraisal District has the responsibility of appraising all property within the District. See "TAXING PROCEDURES."

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Tax Tech, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

THE SYSTEM

Regulation

The District's water, wastewater, and storm drainage facilities have been designed in accordance with accepted engineering practices and the recommendations of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ and Fort Bend County.

Operation of the District's waterworks and wastewater facilities are subject to regulation by, among others, the United States Environmental Protection Agency, the TCEQ, and the Texas Department of State Health Services. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Description of the System

- Water Supply -

Water supply for the District is provided by two wells which have a total capacity of 510 gallons-per-minute ("gpm") with 146,000 gallons of ground storage tank ("GST") capacity, hydropneumatic tanks ("HPT") totaling 14,000 gallons and booster pumps with a total rated capacity of 1,200 gpm (collectively, the "Water Plant"), which the District financed with a portion of the proceeds from its Series 2020 Bonds and Series 2022 Bonds. According to TCEQ regulatory criteria, the District's Water Plant is currently capable of serving 700 equivalent single-family connections ("ESFCs").

-Wastewater Treatment-

Wastewater treatment for the District is provided by an 165,000 gallons-per-day ("gpd") Wastewater Treatment Plant ("WWTP") which the District financed with a portion of the proceeds of its Series 2020 Bonds, Series 2021 Bonds, and Series 2022 Bonds. According to the District's Engineer, the WWTP is capable of serving 750 ESFCs according to TCEQ criteria.

- Drainage System -

Storm water runoff within the District is currently routed through a concrete curb and gutter paved street system which inlets to reinforced concrete pipe, and storm water collector lines, that outfall into detention ponds and existing drainage channels located within the District. All of the drainage facilities ultimately outfall into Brookshire Creek and then into the Brazos River. The internal storm drainage collection system is sized to carry the design flows based on single-family residential and commercial land uses and storm drainage requirements of Fort Bend County, and are designed to accommodate the 100-year sheet flow. The District is responsible for maintenance of its detention basins. Storm Water Quality and Treatment measures are implemented as required by Fort Bend County.

According to the District's Engineer, approximately 25 acres in the District are located in the 100-year flood plain. The 25 acres located in the 100-year flood plain represents land that is being developed as drainage easements or detention facilities. None of the developed lots in the District are located in the 100-year flood plain.

Matters Related to the Fort Bend County Subsidence District

The District is located in Regulatory Area B of the Fort Bend Subsidence District. Permittees within the Area B are not subject to groundwater reduction requirements or disincentive fees. The Fort Bend Subsidence District continues to evaluate water-level and subsidence conditions within Area B boundaries and may adopt groundwater reduction requirements in the future.

District Operations

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

The following table statement sets forth in condensed form the General Operating Fund for the District. All such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended July 31			
	2022	2021	2020	2019
REVENUES				
Property taxes	$793,933	$882,946	$278,819	$67,950
Water services	$181,519	$92,908	$68,370	$19,681
Sewer services	$237,792	$130,483	$78,552	$23,868
Penalty and interest	$10,690	$10,666	$3,425	$918
Tap connections and inspection fees	$317,513	$255,200	$112,673	$154,934
Investment income	$2,374	$545	$174	$133
Other income	$7,475	-	$154,081	$15
TOTAL REVENUES	**$1,551,296**	**$1,372,748**	**$696,094**	**$267,499**
EXPENDITURES				
Service operations:				
Professional fees	$159,756	$125,145	$162,483	$169,437
Contracted services	$272,030	$198,407	$133,097	$73,862
Utilities	$33,724	$27,435	$15,259	$6,643
Repairs and maintenance	$512,094	$317,215	$360,978	$125,990
Other expenditures	$46,887	$36,756	$41,875	$28,722
Tap connections	$75,960	$98,332	$54,519	$65,408
Capital Outlay	$32,709	$22,323	$16,235	$33,320
Debt service:				
Debt issuance costs	-	$50,703	-	-
Lease expense	$189,000	$189,000	$126,000	-
TOTAL EXPENDITURES	**$1,322,160**	**$1,065,316**	**$910,446**	**$503,382**
Excess (Deficiency) of Revenues Over Expenditures (a)	**$229,136**	**$307,432**	**($214,352)**	**($235,883)**
Other Financing Sources				
Interfund transfer in	$50,703	-	-	-
Developer advances (b)	-	$210,000	$214,501	$340,429
Total Other Financing Sources	$50,703	$210,000	$214,501	$340,429
Excess of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	**$279,839**	**$517,432**	**$149**	**$104,546**
Fund Balance (Deficit), Beginning of Year	**$488,362**	**($29,070)**	**($29,219)**	**($133,765.00)**
Fund Balance (Deficit), End of Year (c)	**$768,201**	**$488,362**	**($29,070)**	**($29,219)**

(a) Includes $154,081 of roll back taxes that were collected during fiscal year 2020.

(b) Represents advances made by the Developer to help fund operating costs during the initial stages of development in the District. A portion of such advances may be reimbursed to the Developer from proceeds of bonds to be issued by the District.

(c) As of August 2, 2023, the District's General Fund had an unaudited cash and temporary investment balance of approximately $1,319,817. For the fiscal year ended July 31, 2023 the District's General Fund experienced unaudited revenues of $2,032,069 and unaudited expenditures of $1,439,887. For the fiscal year ending July 31, 2024, the District is budgeting revenues of $2,093,285 and expenditures of $1,420,625.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

6/1/2023 Estimated Taxable Value	$221,103,368	(a)
2023 Certified Taxable Value	$205,629,576	(b)
Direct Debt		
Outstanding Bonds	$26,520,000	
The Bonds	$4,800,000	
Total Direct Debt	$31,320,000	
Estimated Overlapping Debt	$21,581,579	
Direct and Estimated Overlapping Debt	$52,901,579	
Percentage of Direct Debt to:		
6/1/2023 Estimated Taxable Value	14.17%	
2023 Certified Taxable Value	15.23%	
Percentage of Direct and Estimated Overlapping Debt to:		
6/1/2023 Estimated Taxable Value	23.93%	
2023 Certified Taxable Value	25.73%	
2023 Tax Rate Per $100 of Assessed Value		
Debt Service Tax	$0.54	
Maintenance Tax	$0.85	
Total 2023 Tax Rate	$1.39	

(a) The Estimated Taxable Value as of June 1, 2023, was prepared by FBCAD and provided to the District. Such values are not binding on FBCAD. The new values (subsequent to January 1, 2023) will not be included on the District's tax roll until the 2023 tax roll is prepared and certified by FBCAD during the second half of 2024. See "TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the 2023 Certified Taxable Value according to data supplied to the District by FBCAD. The value above excludes $7,126,909 (which is the owner's opinion of value) of property that is still in the certification process. See "TAX DATA."

Investments of the District

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

Debt Service Requirements

The following sets forth the debt service on the District's Outstanding Bonds and the debt service on Series 2023 Road Bonds.

		Series 2023 Road Bonds		Total
Year	**Outstanding Bonds**	**Principal**	**Interest (a)**	**Debt Service**
2023	$1,233,812			$1,233,812
2024	$1,415,205		$219,581	$1,634,786
2025	$1,569,474	$75,000	$265,969	$1,910,443
2026	$1,590,174	$75,000	$260,156	$1,925,330
2027	$1,570,331	$100,000	$253,375	$1,923,706
2028	$1,545,468	$100,000	$245,625	$1,891,093
2029	$1,548,055	$100,000	$237,875	$1,885,930
2030	$1,527,536	$100,000	$230,125	$1,857,661
2031	$1,536,174	$125,000	$221,406	$1,882,580
2032	$1,538,337	$125,000	$211,719	$1,875,056
2033	$1,547,208	$125,000	$202,031	$1,874,239
2034	$1,528,202	$125,000	$192,969	$1,846,171
2035	$1,538,211	$125,000	$185,000	$1,848,211
2036	$1,546,761	$150,000	$177,500	$1,874,261
2037	$1,524,624	$150,000	$170,000	$1,844,624
2038	$1,531,642	$150,000	$162,500	$1,844,142
2039	$1,542,086	$175,000	$154,375	$1,871,461
2040	$1,546,111	$175,000	$145,625	$1,866,736
2041	$1,524,161	$175,000	$136,875	$1,836,036
2042	$1,550,570	$200,000	$127,500	$1,878,070
2043	$1,530,227	$200,000	$117,500	$1,847,727
2044	$1,558,122	$200,000	$107,500	$1,865,622
2045	$1,529,000	$225,000	$96,875	$1,850,875
2046	$1,528,397	$225,000	$85,625	$1,839,022
2047	$1,526,209	$250,000	$73,750	$1,849,959
2048	$1,537,174	$250,000	$61,250	$1,848,424
2049	$1,555,902	$275,000	$48,125	$1,879,027
2050	$1,094,843	$275,000	$34,375	$1,404,218
2051		$275,000	$20,625	$295,625
2052		$275,000	$6,875	$281,875
	$42,314,016	**$4,800,000**	**$4,452,706**	**$51,566,722**

(a) The District will fund $240,000 of capitalized interest with the proceeds of the Bonds.

Tax Adequacy for Debt Service

The calculations shown below are solely for the purpose of illustration, reflect no net General Fund revenues, no transfers of surplus funds from the District's General Fund to the Bond Fund, and no increase or decrease in assessed valuation over the 6/1/2023 Estimated Taxable Value, and the 2023 Certified Taxable Value. The calculations utilize a tax rate adequate to service the District's total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2026) $1,925,330

Requires a $0.92 debt service tax rate on the 6/1/2023 Estimated Taxable Value of $221,103,368
@ 95% collection $1,932,443

Requires a $0.99 debt service tax rate on the 2023 Certified Taxable Value of $205,629,576
@ 95% collection $1,933,946

Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas as of August 2023. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

		Estimated Overlapping	
Taxing Entity	**Outstanding Debt**	**Percent**	**Amount**
Fort Bend County	$787,512,050	0.17%	$1,307,481
Lamar Consolidated School District	$2,834,465,000	0.71%	$20,234,572
Fort Bend Co. Drainage District	$23,615,000	0.17%	$39,526
Total Estimated Overlapping Debt			**$21,581,579**
The District (a)			$31,320,000
Total Direct & Estimated Overlapping Debt			**$52,901,579**

(a) Includes the Bonds.

Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities, certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all of the taxes levied for the 2022 tax year by all overlapping taxing jurisdictions and the District's 2023 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

Taxing Jurisdictions	**2022 Tax Rate**
Lamar Consolidated Independent School District	$1.242000
Fort Bend County (including Drainage District)	$0.451200
Fort Bend County Emergency Service District No. 4	$0.096958
Overlapping Taxes	**$1.790158**
The District (2023)	$1.390000
Total Direct & Overlapping Taxes	**$3.180158**

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, an annual ad valorem tax adequate to provide funds to pay the principal of and interest on the Bonds. See "Tax Rate Distribution" and "Tax Roll Information" below, and "TAXING PROCEDURES" and "RISK FACTORS – Economic Factors and Interest Rates."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was held on May 6, 2017, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation for general operations and maintenance costs. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Tax Exemptions

For the tax year 2023, the District did not adopt a general residential homestead exemption, a residential homestead exemption for persons 65 years of age or older, or an exemption for individuals who are under a disability for purposes of payment of disability insurance under the Federal Old-Age Survivors and Disability Insurance Act. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

Tax Rate Distribution

	2023 (a)	2022	2021	2020	2019
Debt Service	$0.54	$0.46	$0.50	$0.00	$0.00
Maintenance/Operations	$0.85	$0.93	$1.00	$1.50	$1.50
Total	**$1.39**	**$1.39**	**$1.50**	**$1.50**	**$1.50**

(a) The District is in the process of levying its 2023 tax rate. The 2023 taxes will be due on or before January 31, 2024.

Historical Tax Collections

The following represents the collection history of District taxes; the collections represent cumulative collections for each year's tax levy through July 31, 2023. According to the District's Tax Assessor/Collector, the District's current tax collections for the tax years 2019 through 2023 have average in excess of 95%.

Tax Year	Taxable Valuation	Tax Rate	Total Tax Levy	Cumulative Amount	Collections Percent (a)	Year Ended July 31
2023	$205,629,576 (b)	$1.39	$2,858,251	(c)	(c)	2024
2022	$161,770,218	$1.39	$2,248,606	$2,213,815	99%	2023
2021	$79,808,301	$1.50	$1,197,125	$1,188,240	100%	2022
2020	$58,917,704	$1.50	$883,766	$883,766	100%	2021
2019	$18,651,499	$1.50	$279,772	$279,772	100%	2020

(a) Current tax collections have exceeded 98% each year for the past four years. The figures above reflect unaudited tax collection data.

(b) Reflects the 2023 Certified Taxable Value according to data supplied to the District by FBCAD. The value above excludes $7,126,909 (which is the owner's opinion of value) of property that is still in the certification process.

(c) The District is in the process of levying its 2023 tax rate. The 2023 taxes will be due on or before January 31, 2024.

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES – Valuation of Property for Taxation." The following represents the composition of property comprising the 2019 through 2023 Taxable Valuations including the 6/1/2023 Estimate Value.

Year	Land	Improvements	Personal Property	Gross Valuations	Exemptions	Taxable Valuations	
6/1/2023						$221,103,368	(a)
2023	$48,479,762	$171,059,558	$13,220	$219,552,540	$13,922,964	$205,629,576	(b)
2022	$46,431,070	$120,337,231	$64,320	$166,832,621	$5,062,403	$161,770,218	
2021	$32,030,530	$49,830,747	$30,680	$81,891,957	$2,083,656	$79,808,301	
2020	$31,109,040	$28,895,630	$51,120	$60,055,790	$1,138,086	$58,917,704	
2019	$13,434,960	$5,542,710	$38,500	$19,016,170	$364,671	$18,651,499	

(a) Reflects data supplied by FBCAD. The Estimated Taxable Value as of June 1, 2023, was prepared by FBCAD and provided to the District for informational purposes only. Such values are not binding on FBCAD. The new values (subsequent to January 1, 2023) will not be included on the District's tax roll until the 2024 tax roll is prepared and certified by FBCAD during the second half of 2024. See "TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the 2023 Certified Taxable Value according to data supplied to the District by FBCAD. The value above excludes $7,126,909 (which is the owner's opinion of value) of property that is still in the certification process.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable value of such property, and such taxable value as a percentage of the 2023 Taxable Valuation. The table below reflects the ownership of property as of January 1, 2023.

Property Owner	Property Description	Value	% of Total
Gateway 359 LLC	Land, Improvements & Personal Property	$6,403,533	3.11%
Anglia Homes LP	Land & Improvements	$4,127,292	2.01%
Long Lake LTD	Land, Improvements & Personal Property	$3,390,112	1.65%
Upward America Central Property Owner LP	Land & Improvements	$1,918,523	0.93%
ET-5 LP	Land & Improvements	$1,252,415	0.61%
Homeowner	Land & Improvements	$1,069,789	0.52%
Hunt Road Ventures LLC	Land, Improvements & Personal Property	$798,454	0.39%
Lennar Homes of Texas Land & Construction Ltd	Land & Improvements	$720,942	0.35%
Homeowner	Land & Improvements	$583,469	0.28%
Homeowner	Land & Improvements	$579,936	0.28%
TOTAL		**$20,844,465**	**10.14%**

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

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

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For the 2023 tax year, the District has not granted a general residential homestead exemption.

Valuation of Property for Taxation

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

Temporary Tax Exemptions for Property Damaged by Disaster

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See “Rollback Of Operation And Maintenance Tax Rate.” The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land’s capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant’s right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based upon the new use for three (3) years prior to the loss of the designation for agricultural, timberland or open space land**.** According to the District’s Tax Assessor/Collector, as of January 1, 2023, no land within the District was designated for agricultural use, open space, inventory deferment, or timberland.

Tax Abatement

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

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

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

Low Tax Rate Districts

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district’s status as a Low Tax Rate District, Developed District or Developing District will be made by the Board 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 against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity basis with tax liens of other such taxing units. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) – Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act (12 U.S.C. 1825, as amended). Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "RISK FACTORS – Tax Collections Limitations and Foreclosure Remedies."

RISK FACTORS

General

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or, in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS – Source and Security of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners' of the property will have the ability to pay taxes. See "Registered Owners' Remedies" below.

Severe Weather

The Houston area, including Fort Bend County, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017 and historic levels of rainfall during the succeeding four days. As of August 2017, there was no significant building development in the District. The District is located approximately 50 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances.

If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood 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 would be adversely affected.

Specific Flood Type Risks

Ponding (or Pluvial) Flooding – 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.

River (or Fluvial) Flooding – River flooding occurs when water levels rise over the top of a 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 overland. 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 floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee or dam has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam or levee also could potentially create a flooding condition in rivers or man-made drainage systems (canals or channels) downstream.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots which are currently being marketed by the Developer to home builders for the construction of primary residences. The market value of such homes, lots and undeveloped land is related to general economic conditions affecting the demand for residences. Demand for lots and undeveloped land of this type and the construction of residential improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability, and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DISTRICT – Current Status of Residential Development."

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 35 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City of Houston and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 35 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the southwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2023 Certified Taxable Assessed Valuation is $205,629,576 and the Estimated Taxable Assessed Valuation as of 6/1/2023 is $221,103,368. After issuance of the Bonds, the maximum annual debt service requirement will be $1,925,330 (2026). Assuming no increase or decrease from the 6/1/2023 Estimated Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, a debt service tax rate of $0.92 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement. Assuming no increase or decrease from the 2023 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, a debt service tax rate of $0.99 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) – Debt Service Requirements."

Tax Collections Limitations and Foreclosure Remedies

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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) – Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). 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 assessed 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.

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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 collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $83,027,000 in principal amount of unlimited tax bonds has been authorized by the District's voters for acquiring or constructing water, sanitary sewer, and drainage facilities, and, $56,232,000 in principal amount of said unlimited tax bonds will remain authorized but unissued. The voters in the District authorized the issuance of $58,850,000 road facility bonds and after the issuance of the Bonds, $54,050,000 will remain authorized but unissued. Additionally, the voters in the District authorized the issuance of $18,441,000 of recreational facility bonds, all of which remain unissued. Voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds.

According to the records of the Developer, after reimbursements are made with Bond proceeds, the Developer will have approximately $8,595,050 of additional reimbursements for engineering and construction costs associated with the advances made by the Developer on behalf of the District that remain outstanding. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT." The District intends to issue additional bonds in the future in order to reimburse the Developer for water, sanitary sewer and drainage facilities, and roads constructed or under construction, and to provide major drainage facilities and channel improvements and recreational facilities to the remainder of undeveloped but developable land in the District, pursuant to the terms of the Developer's utility development agreement with the District. Generally, the utility development agreement with the District provides that the developer will be reimbursed based upon the taxable value created. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to (among other requirements) the approval of the TCEQ (when required) and its rules regarding the issuance of bonds. See "THE BONDS – Issuance of Additional Debt" and "– Financing Recreational Facilities."

Marketability of the Bonds

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

Environmental and Air Quality Regulations

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

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

Sanctions against a municipal utility district or other type of special purpose district for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions to ensure future compliance. Environmental laws and compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Environmental laws can also inhibit growth and development within the 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 District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ 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. The District has filed for a permitting waiver under the MS4 Permit and is awaiting final approval from the TCEQ. If the waiver is not granted by the TCEQ, the District will need to develop, implement, and maintain the required 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. Costs associated with these compliance activities could be substantial in the future.

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.

Future and Proposed Legislation

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

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "LEGAL MATTERS – Tax Exemption."

LEGAL MATTERS

Legal Opinions

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

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

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

Legal Review

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

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof, and (2) the Bonds will not be treated as “specified private activity bonds”, the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

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

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

Qualified Tax-Exempt Obligations

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

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

Collateral Federal Income Tax Consequences

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

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

State, Local and Foreign Taxes

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

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the “Original Issue Discount Bonds”). The difference between (i) the “stated redemption price at maturity” of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The “stated redemption price at maturity” means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See “Tax Exemption” herein for a discussion of certain collateral federal tax consequences.

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

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

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

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

NO MATERIAL ADVERSE CHANGE

The obligations of the Underwriter to take and pay for the Bonds, and the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the 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 the sale.

NO-LITIGATION CERTIFICATE

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

MUNICIPAL BOND RATING

S&P Global Ratings ("S&P") has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The District can make no assurance that S&P's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE." The District has not made an application for an underlying rating on the Bonds to any municipal bond rating service.

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its 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 "BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

The GMS Group, L.L.C. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and compiling the information included in the OFFICIAL NOTICE OF SALE and the OFFICIAL BID FORM for the sale of the Bonds. In its capacity as Financial Advisor, The GMS Group, L.L.C. has also edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT the District has relied upon the following consultants:

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" and "TAXING PROCEDURES" has been provided by Tax Tech, Inc. and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

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

Auditor: The financial statements of the District as of July 31, 2022, and for the year then ended, included in this offering document, have been audited by FORVIS, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Updating the 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 Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter, provided, however, that the obligation of the District to the Underwriter to so amend or supplement the Official Statement will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notify 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 an ultimate customer.

Certification of Official Statement

The District, acting through its Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading. With respect to information included in this OFFICIAL STATEMENT other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the heading "TAX DATA" and in "APPENDIX A" (Independent Auditor's Report and Financial Statements and supplemental schedules). The District will update and provide this information within six months after the end of each fiscal year ending in or after July 31, 2023.

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

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

Specified Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of the Rule; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreements 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 security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term "financial obligation," when used in this paragraph, shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with 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 Order makes any provision for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax and net system revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered Owners 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 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 Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

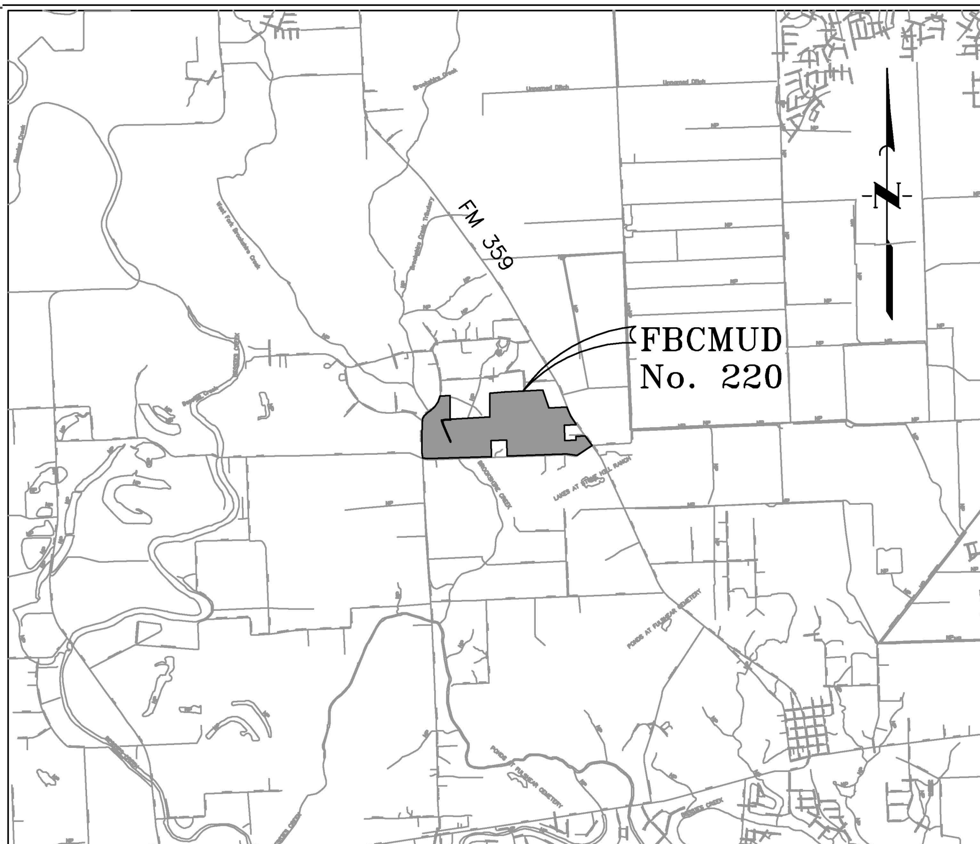
Compliance with Prior Undertakings

The District has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

FORT BEND COUNTY
MUNICIPAL UTILITY DISTRICT No. 220



VICINITY MAP
Scale: 1" = 1 Mile
KEY MAP: 482 W&X

AUGUST 2020

JONES|CARTER

Texas Board of Professional Engineers Registration No. F-439
2322 W Grand Parkway North, Suite 150, Katy, TX 77449-7821 (832) 913-4000

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

The information contained in this appendix includes the audited financial statements of Fort Bend County Municipal Utility District No. 220 and certain supplemental information for the fiscal year ended July 31, 2022.

Fort Bend County Municipal Utility District No. 220
Fort Bend County, Texas

Independent Auditor's Report and Financial Statements

July 31, 2022

Fort Bend County Municipal Utility District No. 220

July 31, 2022

Contents

FORVIS

2700 Post Oak Boulevard, Suite 1500 / Houston, TX 77056
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Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 220
Fort Bend County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 220 (the District), as of and for the year ended July 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of July 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 11 to the financial statements, in 2022, the District adopted the new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

FORVIS, LLP

Houston, Texas
December 9, 2022

Fort Bend County Municipal Utility District No. 220

Management's Discussion and Analysis

July 31, 2022

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

Effective August 1, 2021, the District adopted new accounting and financial reporting guidance, Governmental Accounting Standards Board Statement No. 87 (Statement No. 87), *Leases*.

Statement No. 87 creates one model for recognizing leases for both lessees and lessors. Substantially all leases are recognized on the lessees' statement of net position. In the activity statement, lessees no longer report lease expense for the previously classified operating leases, but instead report interest expense on the liability and amortization expense related to the asset. The District's 2021 summarized financial information presented below has not been restated to reflect the adoption of Statement No. 87 because single-year presentation is included in the basic financial statements.

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	2022	2021
Current and other assets	$ 2,013,564	$ 1,245,657
Capital and lease assets	24,860,431	17,932,956
Total assets	$ 26,873,995	$ 19,178,613
Long-term liabilities	$ 29,692,813	$ 21,193,006
Other liabilities	469,194	324,632
Total liabilities	30,162,007	21,517,638
Net position:		
Net investment in capital assets	(4,132,863)	(2,834,654)
Restricted	67,838	2,411
Unrestricted	777,013	493,218
Total net position	$ (3,288,012)	$ (2,339,025)

The total net position of the District decreased by $948,987, or about 41 percent. The majority of the decrease in net position is related to service operation expenses, depreciation on the District's capital assets, and debt issuance costs exceeding property taxes and charges for services revenues. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2022	2021
Revenues:		
Property taxes	$ 1,198,375	$ 886,482
Charges for services	419,311	223,391
Other revenues	347,675	266,965
Total revenues	1,965,361	1,376,838
Expenses:		
Services	1,147,714	1,114,592
Depreciation and amortization	652,517	438,148
Debt service	1,114,117	782,676
Total expenses	2,914,348	2,335,416
Change in net position	(948,987)	(958,578)
Net position, beginning of year	(2,339,025)	(1,380,447)
Net position, end of year	$ (3,288,012)	$ (2,339,025)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended July 31, 2022, were $1,789,254, an increase of $759,018 from the prior year.

The general fund's fund balance increased by $279,839, primarily due to property taxes, services and tap connection and inspection fee revenues and an interfund transfer received from the capital projects fund exceeding service operations expenditures.

The debt service fund's fund balance increased by $241,916 due to property taxes as well as proceeds received from the sale of the Series 2021 bonds exceeding bond interest and fees expenditures.

The capital projects fund's fund balance increased by $237,263, primarily due to proceeds received from the sales of the Series 2021 bonds and bond anticipation note exceeding capital outlay expenditures, debt issuance costs, repayment of the 2020 bond anticipation note, repayment of developer advances and a transfer to the general fund.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues being less than anticipated and water and sewer service and tap connection and inspection fee revenues and contracted services and repairs and maintenance expenditures being greater than anticipated. In addition, interfund transfers in were not included in the current year budget. The fund balance as of July 31, 2022, was expected to be $804,099 and the actual end-of-year fund balance was $768,201.

Capital and Lease Assets and Related Debt

Capital and Lease Assets

Capital and lease assets held by the District at the end of the current fiscal year and previous fiscal years are summarized as follows:

Capital and Lease Assets (Net of Accumulated Depreciation and Amortization)

	2022	2021
Land and improvements	$ 5,157,858	$ 4,871,657
Construction in progress	32,709	-
Water facilities	4,497,945	2,488,025
Wastewater facilities	3,818,472	3,572,603
Drainage facilities	6,118,055	4,436,385
Road and paving facilities	1,394,468	691,692
Parks and recreation	1,768,561	1,872,594
Lease assets	2,072,363	-
Total capital and lease assets	$ 24,860,431	$ 17,932,956

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

Construction in progress related to lift station expansion at the wastewater treatment plant	$ 32,709
10.63-acre site and 15.11-acre site to serve Vanbrooke detention reserve	3,770
Clearing and grubbing to serve Vanbrooke, Phases 1, 2 and 3	148,063
Vanbrooke detention expansion and detention improvements, Phase 3	134,368
Water, sewer and drainage facilities to serve Vanbrooke, Sections 1, 2 and 3	1,560,848
Construction of remote water well and water plant No. 1, Phase 2	1,992,103
Drainage and paving facilities to serve Hunt Road, Phase 1	1,561,755
Total additions to capital and lease assets	$ 5,433,616

Debt

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

Long-term debt payable, beginning of year	$	23,323,632
Increases in long-term debt		16,330,225
Decreases in long-term debt		(9,961,044)
Long-term debt payable, end of year	$	29,692,813

The developer within the District has constructed water, sewer, drainage, recreational, and road and paving facilities on behalf of the District under the terms of the contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission, if required. As of July 31, 2022, a liability for developer constructed capital assets of $8,146,791 was recorded in the government-wide financial statements and depreciation was recorded on those assets.

At July 31, 2022, the District had $68,732,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District, $18,441,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing parks and recreational facilities and $58,850,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing road and paving facilities.

The District’s bonds do not carry an underlying rating. The Series 2021 bonds carry a “AA” rating from Standard & Poor’s by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Contingencies

The developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately $856,500. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Economic Dependency

The District's developer owns the majority of the taxable property in the District. The District's ability to meet its obligations is dependent on the developer's ability to pay property taxes.

Since inception, the developer has advanced $210,001, net of repayments, to the District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

Subsequent Event

On August 31, 2022, the District awarded the sale of its Series 2022 Unlimited Tax Bonds in the amount of $12,500,000 at a net effective interest rate of approximately 4.512 percent. The bonds were sold to reimburse the District's developer for completed construction projects and to redeem the Series 2022 bond anticipation note.

Fort Bend County Municipal Utility District No. 220

Statement of Net Position and Governmental Funds Balance Sheet

July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 224,562	$ 27,577	$ 395	$ 252,534	$ -	$ 252,534
Certificates of deposit	245,000	-	-	245,000	-	245,000
Short-term investments	396,197	357,367	703,186	1,456,750	-	1,456,750
Receivables:						
Property taxes	8,812	4,406	-	13,218	-	13,218
Service accounts	45,645	-	-	45,645	-	45,645
Accrued interest	417	-	-	417	-	417
Interfund receivable	67,417	-	-	67,417	(67,417)	-
Prepaid expenditures	15,750	-	-	15,750	(15,750)	-
Capital and lease assets (net of accumulated depreciation and amortization):						
Land and improvements	-	-	-	-	5,157,858	5,157,858
Construction in progress	-		-	-	32,709	32,709
Infrastructure	-	-	-	-	14,434,472	14,434,472
Roads and paving	-	-	-	-	1,394,468	1,394,468
Parks and recreation	-	-	-	-	1,768,561	1,768,561
Lease assets	-	-	-	-	2,072,363	2,072,363
Total assets	$ 1,003,800	$ 389,350	$ 703,581	$ 2,096,731	$ 24,777,264	$ 26,873,995

Fort Bend County Municipal Utility District No. 220

Statement of Net Position and Governmental Funds Balance Sheet (Continued)

July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 123,252	$ -	$ 55	$ 123,307	$ -	$ 123,307
Accrued interest payable	-	-	-	-	242,352	242,352
Customer deposits	102,390	-	-	102,390	-	102,390
Due to others	1,145	-	-	1,145	-	1,145
Interfund payables	-	21,737	45,680	67,417	(67,417)	-
Long-term liabilities:						
Due within one year	-	-	-	-	99,040	99,040
Due after one year	-	-	-	-	29,593,773	29,593,773
Total liabilities	226,787	21,737	45,735	294,259	29,867,748	30,162,007
Deferred Inflows of Resources						
Deferred property tax revenues	8,812	4,406	0	13,218	(13,218)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	15,750	-	-	15,750	(15,750)	-
Restricted:						
Unlimited tax bonds	-	363,207	-	363,207	(363,207)	-
Water, sewer and drainage	-	-	657,846	657,846	(657,846)	-
Unassigned	752,451	-	-	752,451	(752,451)	-
Total fund balances	768,201	363,207	657,846	1,789,254	(1,789,254)	0
Total liabilities, deferred inflows of resources and fund balances	$ 1,003,800	$ 389,350	$ 703,581	$ 2,096,731		
Net position:						
Net investment in capital assets					(4,132,863)	(4,132,863)
Restricted for debt service					62,847	62,847
Restricted for capital projects					4,991	4,991
Unrestricted					777,013	777,013
Total net position					$ (3,288,012)	$ (3,288,012)

Fort Bend County Municipal Utility District No. 220

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

Year Ended July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 793,933	$ 396,080	$ -	$ 1,190,013	$ 8,362	$ 1,198,375
Water service	181,519	-	-	181,519	-	181,519
Sewer service	237,792	-	-	237,792	-	237,792
Penalty and interest	10,690	5,165	-	15,855	-	15,855
Tap connection and inspection fees	317,513	-	-	317,513	-	317,513
Investment income	2,374	1,438	3,020	6,832	-	6,832
Other income	7,475	-	-	7,475	-	7,475
Total revenues	1,551,296	402,683	3,020	1,956,999	8,362	1,965,361
Expenditures/Expenses						
Service operations:						
Professional fees	159,756	1,157	-	160,913	18,331	179,244
Contracted services	272,030	24,015	-	296,045	80	296,125
Utilities	33,724	-	-	33,724	-	33,724
Repairs and maintenance	512,094	-	-	512,094	-	512,094
Other expenditures	46,887	3,240	440	50,567	-	50,567
Tap connections	75,960	-	-	75,960	-	75,960
Capital outlay	32,709	-	7,605,222	7,637,931	(7,637,931)	-
Depreciation and amortization	-	-	-	-	652,517	652,517
Debt service:						
Principal retirement	-	-	3,760,000	3,760,000	(3,760,000)	-
Interest and fees	-	252,355	51,764	304,119	242,687	546,806
Debt issuance costs	-	-	567,311	567,311	-	567,311
Lease payments	189,000	-	-	189,000	(189,000)	-
Total expenditures/expenses	1,322,160	280,767	11,984,737	13,587,664	(10,673,316)	2,914,348
Excess (Deficiency) of Revenues Over Expenditures	229,136	121,916	(11,981,717)	(11,630,665)	10,681,678	

Fort Bend County Municipal Utility District No. 220

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

Year Ended July 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	$ 50,703	$ -	$ (50,703)	$ -	$ -	
Repayment of developer advances	-	-	(316,250)	(316,250)	316,250	
General obligation bonds issued	-	120,000	7,380,000	7,500,000	(7,500,000)	
Discount on debt issued	-	-	(224,067)	(224,067)	224,067	
Bond anticipation note issued	-	-	5,430,000	5,430,000	(5,430,000)	
Total other financing sources	50,703	120,000	12,218,980	12,389,683	(12,389,683)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	279,839	241,916	237,263	759,018	(759,018)	
Change in Net Position					(948,987)	$ (948,987)
Fund Balances/Net Position						
Beginning of year	488,362	121,291	420,583	1,030,236	-	(2,339,025)
End of year	$ 768,201	$ 363,207	$ 657,846	$ 1,789,254	$ 0	$ (3,288,012)

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

Fort Bend County Municipal Utility District No. 220 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective January 6, 2017, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater, drainage, parks and recreational, and road and paving facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund—The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of Estimates

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

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended July 31, 2022, include collections during the current period or within 60 days of year-end related to the 2021 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended July 31, 2022, the 2021 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of $5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Park and recreational facilities	10-30
Road and paving facilities	10-30

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balance and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental fund balance sheet are different because:

Capital and lease assets used in governmental activities are not financial resources and are not reported in the funds.	$ 24,860,431
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	13,218
Prepaid lease expenditures are not reported as assets in the statement of net position.	(15,750)
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(242,352)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	(29,692,813)
Adjustment to fund balances to arrive at net position.	$ (5,077,266)

Fort Bend County Municipal Utility District No. 220
Notes to Financial Statements
July 31, 2022

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

Change in fund balances.	$	759,018
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay and lease payment expenditures exceeded depreciation and amortization expense and noncapitalized costs in the current year.		7,156,003
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.		316,250
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		224,067
Governmental funds report proceeds from sales of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.		(9,170,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.		8,362
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(242,687)
Change in net position of governmental activities.	$	(948,987)

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At July 31, 2022, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of the Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

At July 31, 2022, the District had the following investments and maturities:

		Maturities in Years			
Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	$ 1,456,750	$ 1,456,750	$ 0	$ 0	$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2022, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at July 31, 2022, as follows:

Carrying value:		
Deposits	$	497,534
Investments		1,456,750
Total	$	1,954,284

Included in the following statement of net position captions:

Cash	$	252,534
Certificates of deposit		245,000
Short-term investments		1,456,750
Total	$	1,954,284

Investment Income

Investment income of $6,832 for the year ended July 31, 2022, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of July 31, 2022:

- Pooled investments of $1,456,750 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital and Lease Assets

A summary of changes in capital and lease assets for the year ended July 31, 2022, is presented as follows.

Fort Bend County Municipal Utility District No. 220
Notes to Financial Statements
July 31, 2022

Governmental Activities	Balances, Beginning of Year, Restated	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 4,871,657	$ 286,201	$ 5,157,858
Construction in progress	-	32,709	32,709
Total capital assets, non-depreciable	4,871,657	318,910	5,190,567
Capital and lease assets, depreciable and amortizable:			
Water production and distribution facilities	2,712,203	2,167,408	4,879,611
Wastewater collection and treatment facilities	3,802,946	362,163	4,165,109
Drainage facilities	4,645,796	1,826,591	6,472,387
Road and paving facilities	778,212	758,544	1,536,756
Parks and recreation	2,080,660	-	2,080,660
Lease asset - equipment	2,146,376	-	2,146,376
Total capital and lease assets, depreciable and amortizable	16,166,193	5,114,706	21,280,899
Less accumulated depreciation and amortization:			
Water production and distribution facilities	(224,178)	(157,488)	(381,666)
Wastewater collection and treatment facilities	(230,343)	(116,294)	(346,637)
Drainage facilities	(209,411)	(144,921)	(354,332)
Road and paving facilities	(86,520)	(55,768)	(142,288)
Parks and recreation	(208,066)	(104,033)	(312,099)
Lease asset - equipment	-	(74,013)	(74,013)
Total accumulated depreciation and amortization	(958,518)	(652,517)	(1,611,035)
Total governmental activities, net	$ 20,079,332	$ 4,781,099	$ 24,860,431

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended July 31, 2022, were as follows.

Governmental Activities	Balances, Beginning of Year, Restated	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 6,795,000	$ 7,500,000	$ -	$ 14,295,000	$ -
Less discounts on bonds	201,072	224,067	8,214	416,925	-
	6,593,928	7,275,933	(8,214)	13,878,075	0
Lease liability	2,130,626	-	102,680	2,027,946	99,040
Bond anticipation notes	3,760,000	5,430,000	3,760,000	5,430,000	-
Due to developer, advances	526,251	-	316,250	210,001	-
Due to developer, construction	10,312,827	3,624,292	5,790,328	8,146,791	-
Total governmental activities long-term liabilities	$ 23,323,632	$ 16,330,225	$ 9,961,044	$ 29,692,813	$ 99,040

General Obligation Bonds

	Series 2020	Series 2021
Amounts outstanding, July 31, 2022	$6,795,000	$7,500,000
Interest rates	2.00% to 3.50%	2.50% to 5.25%
Maturity dates, serially beginning/ending	March 1, 2025/2049	March 1, 2024/2050
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	March 1, 2026	March 1, 2026

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at July 31, 2022.

Year	Principal	Interest	Total
2023	$ -	$ 422,581	$ 422,581
2024	150,000	422,582	572,582
2025	325,000	414,705	739,705
2026	375,000	400,269	775,269
2027	375,000	386,268	761,268
2028-2032	2,050,000	1,752,044	3,802,044
2033-2037	2,500,000	1,454,625	3,954,625
2038-2042	2,975,000	1,072,533	4,047,533
2043-2047	3,525,000	610,625	4,135,625
2048-2050	2,020,000	105,313	2,125,313
Total	$ 14,295,000	$ 7,041,545	$ 21,336,545

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted:	
Water, sewer and drainage facilities	$ 83,027,000
Parks and recreational facilities	18,441,000
Road facilities	58,850,000
Bonds sold – water, sewer and drainage facilities	14,295,000
Refunding bonds voted	80,159,000

Lease Liability

The following schedule shows the annual lease requirements to pay principal and interest on lease liability outstanding at July 31, 2022:

Year	Principal	Interest	Total
2023	$ 99,040	$ 89,960	$ 189,000
2024	103,627	85,373	189,000
2025	61,693	81,187	142,880
2026	40,649	79,171	119,820
2027	42,532	77,288	119,820
2028-2032	244,101	354,999	599,100
2033-2037	306,125	292,975	599,100
2038-2042	383,908	215,192	599,100
2043-2047	481,456	117,644	599,100
2048-2050	264,815	14,764	279,579
Total	$ 2,027,946	$ 1,408,553	$ 3,436,499

Due to Developer - Construction

The developer of the District has constructed water, sewer, drainage, recreational, and road and paving facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales, if required. The District's engineer estimates reimbursable costs for completed projects are $8,146,791. These amounts have been recorded in the financial statements as long-term liabilities.

Due to Developer - Advances

The developer of the District has advanced $210,001, net of repayments, to the District for operating expenses. The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

Bond Anticipation Note

On January 14, 2022, the District issued its Series 2022 Bond Anticipation Note in the amount of $5,430,000. The note is dated January 14, 2022, bears interest at the rate of 2.25 percent and matures January 13, 2023, unless called early for redemption. The note is a special limited obligation of the District and is payable solely from proceeds from the sale of bonds, and, therefore, has been excluded from the current portion of long-term liabilities.

Note 5: Significant Bond Order and Commission Requirements

A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended July 31, 2022, the District levied an ad valorem debt service tax at the rate of $0.5000 per $100 of assessed valuation, which resulted in a tax levy of $400,486 on the taxable valuation of $80,097,201 for the 2021 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are $366,261, of which $154,970 has been paid and $211,291 is due September 1, 2022.

B. In accordance with the Series 2020 and 2021 Bond Orders, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year		$ 121,189
Additions--Interest appropriated from Series 2021 bond proceeds		120,000
Deductions--Appropriation from bond interest paid:		
Series 2020	$ (121,189)	
Series 2021	(57,586)	(178,775)
Bond interest reserve, end of year		$ 62,414

C. During the current year, the District transferred $50,703 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held May 6, 2017, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended July 31, 2022, the District levied an ad valorem maintenance tax at the rate of $1.0000 per $100 of assessed valuation, which resulted in a tax levy of $800,972 on the taxable valuation of $80,097,201 for the 2021 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Lease Agreement

On September 5, 2018, the District entered into a contract to lease a 100,000 gallons-per day capacity wastewater treatment plant from AUC Group, L.P. Monthly lease payments of $15,750 commenced on December 1, 2019, upon substantial completion of installation of the leased equipment and will continue for a term of 60 months. The monthly payments shall be $9,985 per month for any additional months beyond the initial term. During the current year, the District paid $189,000 in lease payments as required.

Note 8: Risk Management

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

Note 9: Contingencies

A developer of the District is constructing facilities within the boundaries of the District. The District has agreed to reimburse the developer for these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately $856,500. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 10: Subsequent Event

On August 31, 2022, the District awarded the sale of its Series 2022 Unlimited Tax Bonds in the amount of $12,500,000 at a net effective interest rate of approximately 4.512 percent. The bonds were sold to reimburse the District's developer for completed construction projects and to redeem the Series 2022 bond anticipation note.

Note 11: Adoption of New Accounting Standard

Effective August 1, 2021, the District adopted new accounting and financial reporting guidance, Governmental Accounting Standards Board Statement No. 87 (Statement No. 87), *Leases*.

Statement No. 87 creates one model for recognizing leases for both lessees and lessors. Substantially all leases are recognized on the lessees' statement of net position. In the activity statement, lessees no longer report lease expense for the previously classified operating leases, but instead report interest expense on the liability and amortization expense related to the asset. As a result of the adoption of Statement No. 87, the District increased beginning capital and lease assets by $2,146,376, decreased beginning prepaid expenses by $15,750 and increased beginning long-term liabilities by $2,130,626 as of August 1, 2021.

There was no effect on beginning net position as a result of the adoption of Statement No. 87.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 220

Budgetary Comparison Schedule – General Fund

Year Ended July 31, 2022

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 869,000	$ 793,933	$ (75,067)
Water service	121,600	181,519	59,919
Sewer service	168,100	237,792	69,692
Penalty and interest	9,000	10,690	1,690
Tap connection and inspection fees	267,000	317,513	50,513
Investment income	1,050	2,374	1,324
Other income	-	7,475	7,475
Total revenues	1,435,750	1,551,296	115,546
Expenditures			
Service operations:			
Professional fees	147,800	159,756	(11,956)
Contracted services	225,468	272,030	(46,562)
Utilities	33,000	33,724	(724)
Repairs and maintenance	368,945	512,094	(143,149)
Other expenditures	53,300	46,887	6,413
Tap connections	77,500	75,960	1,540
Capital outlay	25,000	32,709	(7,709)
Debt service, lease payments	189,000	189,000	-
Total expenditures	1,120,013	1,322,160	(202,147)
Excess of Revenues Over Expenditures	315,737	229,136	(86,601)
Other Financing Sources			
Interfund transfers in	-	50,703	50,703
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	315,737	279,839	(86,601)
Fund Balance, Beginning of Year	488,362	488,362	-
Fund Balance, End of Year	$ 804,099	$ 768,201	$ (86,601)

Fort Bend County Municipal Utility District No. 220

Notes to Required Supplementary Information

July 31, 2022

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2022.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Fort Bend County Municipal Utility District No. 220
Other Schedules Included Within This Report
July 31, 2022

(Schedules included are checked or explanatory notes provided for omitted schedules.)

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 15-29

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-term Bonded Debt

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

[X] Board Members, Key Personnel and Consultants

Fort Bend County Municipal Utility District No. 220

Schedule of Services and Rates

Year Ended July 31, 2022

1. Services provided by the District:

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

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

___ Other ______

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 20.00	10,000	N	$ 2.00	10,001	to	15,000
				$ 3.00	15,001	to	20,000
				$ 4.00	20,001	to	25,000
				$ 5.00	25,001	to	No Limit
Wastewater:	$ 39.38	10,000	Y				
Regional water fee:	$ 0	0	N				

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

Total charges per 10,000 gallons usage (including fees): Water $ 20.00 Wastewater $ 39.38

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	538	537	x1.0	537
1"	14	14	x2.5	35
1 1/2"	-	-	x5.0	-
2"	7	7	x8.0	56
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	559	558		628
Total wastewater	548	547	x1.0	547

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

Gallons pumped into the system:	58,043
Gallons billed to customers:	53,470
Water accountability ratio (gallons billed/gallons pumped):	92.12%

*"ESFC" means equivalent single-family connections

Fort Bend County Municipal Utility District No. 220
Schedule of General Fund Expenditures
Year Ended July 31, 2022

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 14,800	
Legal	83,534	
Engineering	61,422	
Financial advisor	-	159,756
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		
Contracted Services		
Bookkeeping	31,889	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	132,651	164,540
Utilities		33,724
Repairs and Maintenance		512,094
Administrative Expenditures		
Directors' fees	9,300	
Office supplies	4,295	
Insurance	13,024	
Other administrative expenditures	20,268	46,887
Capital Outlay		
Capitalized assets	32,709	
Expenditures not capitalized	-	32,709
Tap Connection Expenditures		75,960
Solid Waste Disposal		107,490
Lease Payments		189,000
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 1,322,160

Fort Bend County Municipal Utility District No. 220
Schedule of Temporary Investments
July 31, 2022

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 13028	0.40%	01/04/23	$ 60,000	$ 94
No. 4191467	0.25%	11/23/22	60,000	103
No. 6000052446	0.30%	12/05/22	60,000	70
No. 1001100531	0.30%	10/24/22	65,000	150
Texas CLASS	2.02%	Demand	396,197	-
			641,197	417
Debt Service Fund				
Texas CLASS	2.02%	Demand	357,367	0
Capital Projects Fund				
Texas CLASS	2.02%	Demand	255,342	-
Texas CLASS	2.02%	Demand	367,007	-
Texas CLASS	2.02%	Demand	80,837	-
			703,186	0
			$ 1,701,750	$ 417

Fort Bend County Municipal Utility District No. 220

Analysis of Taxes Levied and Receivable

Year Ended July 31, 2022

	Maintenance Taxes	Contract Taxes
Receivable, Beginning of Year	$ 4,856	$ -
Additions and corrections to prior years' taxes	(3,083)	-
Adjusted receivable, beginning of year	1,773	0
2021 Original Tax Levy	798,407	399,204
Additions and corrections	2,565	1,282
Adjusted tax levy	800,972	400,486
Total to be accounted for	802,745	400,486
Tax collections: Current year	(792,160)	(396,080)
Prior years	(1,773)	-
Receivable, end of year	$ 8,812	$ 4,406
Receivable, by Year		
2021	$ 8,812	$ 4,406

Fort Bend County Municipal Utility District No. 220

Analysis of Taxes Levied and Receivable (Continued)

Year Ended July 31, 2022

	2021	2020	2019	2018
Property Valuations				
Land	$ 32,516,820	$ 31,220,540	$ 13,434,960	$ 4,534,720
Improvements	49,584,307	28,832,990	5,542,710	1,230
Personal property	79,730	116,720	38,500	-
Exemptions	(2,083,656)	(1,047,032)	(340,263)	(5,924)
Total property valuations	$ 80,097,201	$ 59,123,218	$ 18,675,907	$ 4,530,026
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.5000	$ -	$ -	$ -
Maintenance tax rates*	1.0000	1.5000	1.5000	1.5000
Total tax rates per $100 valuatior	$ 1.5000	$ 1.5000	$ 1.5000	$ 1.5000
Tax Levy	$ 1,201,458	$ 886,848	$ 280,139	$ 67,950
Percent of Taxes Collected to Taxes Levied**	99%	100%	100%	100%

*Maximum tax rate approved by voters: $1.50 on May 6, 2017

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

Fort Bend County Municipal Utility District No. 220
Schedule of Long-term Debt Service Requirements by Years
July 31, 2022

	Series 2020		
Due During Fiscal Years Ending July 31	Principal Due March 1	Interest Due September 1, March 1	Total
2023	$ -	$ 194,768	$ 194,768
2024	-	194,769	194,769
2025	150,000	194,768	344,768
2026	175,000	189,519	364,519
2027	175,000	186,018	361,018
2028	175,000	182,344	357,344
2029	200,000	178,493	378,493
2030	200,000	173,894	373,894
2031	200,000	169,094	369,094
2032	225,000	164,094	389,094
2033	225,000	158,469	383,469
2034	225,000	152,563	377,563
2035	250,000	146,656	396,656
2036	250,000	139,781	389,781
2037	250,000	132,906	382,906
2038	275,000	125,719	400,719
2039	275,000	117,469	392,469
2040	300,000	109,219	409,219
2041	300,000	100,219	400,219
2042	325,000	91,219	416,219
2043	325,000	81,469	406,469
2044	350,000	71,719	421,719
2045	350,000	60,781	410,781
2046	375,000	49,844	424,844
2047	375,000	38,125	413,125
2048	410,000	26,406	436,406
2049	435,000	13,594	448,594
Totals	$ 6,795,000	$ 3,443,919	$ 10,238,919

Fort Bend County Municipal Utility District No. 220

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

July 31, 2022

	Series 2021		
Due During Fiscal Years Ending July 31	Principal Due March 1	Interest Due September 1, March 1	Total
2023	$ -	$ 227,813	$ 227,813
2024	150,000	227,813	377,813
2025	175,000	219,937	394,937
2026	200,000	210,750	410,750
2027	200,000	200,250	400,250
2028	200,000	189,750	389,750
2029	200,000	181,250	381,250
2030	200,000	176,250	376,250
2031	225,000	171,250	396,250
2032	225,000	165,625	390,625
2033	250,000	160,000	410,000
2034	250,000	152,500	402,500
2035	250,000	145,000	395,000
2036	275,000	137,500	412,500
2037	275,000	129,250	404,250
2038	275,000	121,688	396,688
2039	300,000	114,125	414,125
2040	300,000	105,875	405,875
2041	300,000	97,625	397,625
2042	325,000	89,375	414,375
2043	325,000	80,437	405,437
2044	350,000	71,500	421,500
2045	350,000	61,875	411,875
2046	350,000	52,250	402,250
2047	375,000	42,625	417,625
2048	375,000	32,313	407,313
2049	400,000	22,000	422,000
2050	400,000	11,000	411,000
Totals	$ 7,500,000	$ 3,597,626	$ 11,097,626

Fort Bend County Municipal Utility District No. 220

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

July 31, 2022

	Annual Requirements For All Series		
Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2023	$ -	$ 422,581	$ 422,581
2024	150,000	422,582	572,582
2025	325,000	414,705	739,705
2026	375,000	400,269	775,269
2027	375,000	386,268	761,268
2028	375,000	372,094	747,094
2029	400,000	359,743	759,743
2030	400,000	350,144	750,144
2031	425,000	340,344	765,344
2032	450,000	329,719	779,719
2033	475,000	318,469	793,469
2034	475,000	305,063	780,063
2035	500,000	291,656	791,656
2036	525,000	277,281	802,281
2037	525,000	262,156	787,156
2038	550,000	247,407	797,407
2039	575,000	231,594	806,594
2040	600,000	215,094	815,094
2041	600,000	197,844	797,844
2042	650,000	180,594	830,594
2043	650,000	161,906	811,906
2044	700,000	143,219	843,219
2045	700,000	122,656	822,656
2046	725,000	102,094	827,094
2047	750,000	80,750	830,750
2048	785,000	58,719	843,719
2049	835,000	35,594	870,594
2050	400,000	11,000	411,000
Totals	$ 14,295,000	$ 7,041,545	$ 21,336,545

Fort Bend County Municipal Utility District No. 220

Changes in Long-term Bonded Debt

Year Ended July 31, 2022

	Bond Issue		
	Series 2020	**Series 2021**	**Totals**
Interest rates	2.00% to 3.50%	2.50% to 5.25%	
Dates interest payable	September 1/ March 1	September 1/ March 1	
Maturity dates	March 1, 2025/2049	March 1, 2024/2050	
Bonds outstanding, beginning of current year	$ 6,795,000	$ -	$ 6,795,000
Bonds sold during current year	-	7,500,000	7,500,000
Bonds outstanding, end of current year	$ 6,795,000	$ 7,500,000	$ 14,295,000
Interest paid during current year	$ 194,769	$ 57,586	$ 252,355

Paying agent's name and address:

Series 2020 - Regions Bank, Houston, Texas
Series 2021 - Regions Bank, Houston, Texas

Bond authority:

	Tax Bonds	**Park Bonds**	**Road Bonds**	**Refunding Bonds**
Amount authorized by voters	$ 83,027,000	$ 18,441,000	$ 58,850,000	$ 80,159,000
Amount issued	$ 14,295,000	$ -	$ -	$ -
Remaining to be issued	$ 68,732,000	$ 18,441,000	$ 58,850,000	$ 80,159,000

Debt service fund cash and temporary investment balances as of July 31, 2022:	$ 384,944
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 762,019

Fort Bend County Municipal Utility District No. 220

Comparative Schedule of Revenues and Expenditures – General Fund

Four Years Ended July 31,

	Amounts			
	2022	2021	2020	2019
General Fund				
Revenues				
Property taxes	$ 793,933	$ 882,946	$ 278,819	$ 67,950
Water service	181,519	92,908	68,370	19,681
Sewer service	237,792	130,483	78,552	23,868
Penalty and interest	10,690	10,666	3,425	918
Tap connection and inspection fees	317,513	255,200	112,673	154,934
Investment income	2,374	545	174	133
Other income	7,475	-	154,081	15
Total revenues	1,551,296	1,372,748	696,094	267,499
Expenditures				
Service operations:				
Professional fees	159,756	125,145	162,483	169,437
Contracted services	272,030	198,407	133,097	73,862
Utilities	33,724	27,435	15,259	6,643
Repairs and maintenance	512,094	317,215	360,978	125,990
Other expenditures	46,887	36,756	41,875	28,722
Tap connections	75,960	98,332	54,519	65,408
Capital outlay	32,709	22,323	16,235	33,320
Debt service:				
Debt issuance costs	-	50,703	-	-
Lease payments	189,000	189,000	126,000	-
Total expenditures	1,322,160	1,065,316	910,446	503,382
Excess (Deficiency) of Revenues Over Expenditures	229,136	307,432	(214,352)	(235,883)
Other Financing Sources				
Interfund transfer in	50,703	-	-	-
Developer advances	-	210,000	214,501	340,429
Total other financing sources	50,703	210,000	214,501	340,429
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	279,839	517,432	149	104,546
Fund Balance (Deficit), Beginning of Year	488,362	(29,070)	(29,219)	(133,765)
Fund Balance (Deficit), End of Year	$ 768,201	$ 488,362	$ (29,070)	$ (29,219)
Total Active Retail Water Connections	558	422	210	109
Total Active Retail Wastewater Connections	547	415	204	105

Percent of Fund Total Revenues

2022	2021	2020	2019
51.2 %	64.3 %	40.1 %	25.4 %
11.7	6.8	9.8	7.4
15.3	9.5	11.3	8.9
0.7	0.8	0.5	0.4
20.5	18.6	16.2	57.9
0.1	0.0	0.0	0.0
0.5	-	22.1	0.0
100.0	100.0	100.0	100.0
10.3	9.1	23.4	63.3
17.5	14.4	19.1	27.3
2.2	2.0	2.2	2.5
33.0	23.1	51.9	47.1
3.0	2.7	6.0	11.0
4.9	7.2	7.8	24.5
2.1	1.6	2.3	12.5
-	3.7	-	-
12.2	13.8	18.1	-
85.2	77.6	130.8	188.2
14.8 %	22.4 %	(30.8) %	(88.2) %

Fort Bend County Municipal Utility District No. 220

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Two Years Ended July 31,

	Amounts		Percent of Fund Total Revenues	
	2022	2021	2022	2021
Debt Service Fund				
Revenue				
Property taxes	$ 396,080	$ -	98.4 %	- %
Penalty and interest	5,165	-	1.3	-
Investment income	1,438	128	0.3	100.0
Total revenues	402,683	128	100.0	100.0
Expenditures				
Service operations:				
Professional fees	1,157	-	0.3	-
Contracted services	24,015	-	6.0	-
Other expenditures	3,240	27	0.8	21.1
Debt service, interest and fees	252,355	73,579	62.6	57,483.6
Total expenditures	280,767	73,606	69.7	57,504.7
Excess (Deficiency) of Revenues Over Expenditures	121,916	(73,478)	30.3 %	(57,404.7) %
Other Financing Sources				
General obligation bonds issued	120,000	194,769		
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	241,916	121,291		
Fund Balance, Beginning of Year	121,291	-		
Fund Balance, End of Year	$ 363,207	$ 121,291		

Fort Bend County Municipal Utility District No. 220

Board Members, Key Personnel and Consultants

Year Ended July 31, 2022

Complete District mailing address:	Fort Bend County Municipal Utility District No. 220 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 2400 Houston, Texas 77056	
District business telephone number:	713.623.4531	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		October 6, 2021
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Chad LeBouf	Elected 05/20-05/24	$ 1,950	$ 297	President
Kristin Gehringer	Elected 05/20-05/24	1,800	254	Vice President
Brent Dahl	Elected 05/20-05/24	1,950	180	Secretary
Brad Colliander	Elected 05/22-05/26	1,800	102	Assistant Secretary
Gene Krejci	Elected 05/22-05/26	1,800	84	Director

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

Fort Bend County Municipal Utility District No. 220
Board Members, Key Personnel and Consultants (Continued)
Year Ended July 31, 2022

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Fort Bend County Appraisal District	Legislative Action	$ 9,032	Appraiser
FORVIS, LLP	02/06/19	36,200	Auditor
The GMS Group, L.L.C.	02/10/17	206,605	Financial Advisor
Inframark, LLC	01/03/18	511,707	Operator
Municipal Accounts & Consulting, L.P.	02/10/17	39,409	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/07/18	1,157	Delinquent Tax Attorney
Quiddity Engineering, LLC	02/10/17	139,811	Engineer
Schwartz, Page & Harding, L.L.P.	02/10/17	163,782 199,458	General Counsel Bond Counsel
Tax Tech, Inc.	05/09/17	19,236	Tax Assessor/ Collector

Investment Officers			
Mark M. Burton and Ghia Lewis	02/10/17	N/A	Bookkeepers

APPENDIX B

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