

OFFICIAL STATEMENT DATED NOVEMBER 1, 2023

IN THE OPINION OF BOND COUNSEL (HERINAFTER DEFINED), INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS ARE NOT DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. See "NOT QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE – Book Entry Only

S&P Global Ratings (AGM Insured)..... "AA"
Moody's Investors Service, Inc. (AGM Insured)..... "A1"
Moody's Investors Service, Inc. (Underlying)..... "Baa1"
See "MUNICIPAL BOND INSURANCE" and "RATINGS."

\$6,405,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 134D

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

UNLIMITED TAX BONDS, SERIES 2023

Dated: December 1, 2023

Due: September 1, as shown below

Interest Accrues from: Date of Delivery

The \$6,405,000 Fort Bend County Municipal Utility District No. 134D Unlimited Tax Bonds, Series 2023 (the "Bonds") are obligations of Fort Bend County Municipal Utility District No. 134D (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas, the City of Richmond, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas, the City of Houston, Texas, the City of Richmond, Texas, nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

The Bonds will be initially registered and delivered only to Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by Zions Bancorporation, National Association dba Amegy Bank, Houston, Texas, or any successor paying agent/registrar (the "Paying Agent/Registrar") directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS—Book-Entry-Only System." Principal of the Bonds is payable to the registered owner(s) of the Bonds (the "Bondholder(s)") at the principal payment office of the Paying Agent/Registrar upon surrender of the Bonds for payment at maturity or upon prior redemption. Interest accrues from the initial date of delivery (expected on December 4, 2023) (the "Date of Delivery") and is payable on March 1, 2024, and each September 1 and March 1 thereafter to the person in whose name the Bonds are registered as of the 15th day of the calendar month next preceding each interest payment date (the "Record Date"). Unless otherwise agreed between the Paying Agent/Registrar and a Bondholder, such interest is payable by check mailed to such persons or by other means acceptable to such person and the Paying Agent/Registrar. The Bonds are issuable in denominations of \$5,000 of principal or any integral multiple thereof in fully registered form only.



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")**.

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

The Bonds constitute the seventh series of unlimited tax bonds issued by the District for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District. Voters in the District have authorized a total of \$206,000,000 principal amount of bonds for the System. Following the issuance of the Bonds, \$155,410,000 of authorized unlimited tax bonds will remain unissued. See "THE BONDS—Authority for Issuance."

The Bonds, when issued, will be payable from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied against all taxable property within the District.

The Bonds are offered when, as and if issued by the District and accepted by the initial purchaser of the Bonds (the "Initial Purchaser"), subject among other things to the approval of the initial Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Disclosure Counsel. The Bonds in definitive form are expected to be available for delivery in Houston, Texas, on or about December 4, 2023. See "LEGAL MATTERS."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

\$6,405,000 Unlimited Tax Bonds, Series 2023

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (a)</u>	<u>CUSIP Number (b)</u>	<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (a)</u>	<u>CUSIP Number (b)</u>
2025	\$ 175,000	6.50 %	4.30 %	34683J GE5	2037	\$ 270,000 (c)	5.00 %	5.05 %	34683J GS4
2026	180,000	6.50	4.30	34683J GF2	2038	285,000 (c)	5.00	5.09	34683J GT2
2027	185,000	6.50	4.30	34683J GG0	2039	300,000 (c)	5.00	5.12	34683J GU9
2028	195,000	5.75	4.30	34683J GH8	2040	310,000 (c)	5.00	5.13	34683J GV7
2029	205,000	5.00	4.35	34683J GJ4	2041	320,000 (c)	5.00	5.14	34683J GW5
2030	210,000	5.00	4.45	34683J GK1	2042	335,000 (c)	5.00	5.15	34683J GX3
2031	220,000 (c)	4.25	4.60	34683J GL9	2043	360,000 (c)	5.00	5.16	34683J GY1
2032	230,000 (c)	4.50	4.70	34683J GM7	2044	380,000 (c)	5.00	5.17	34683J GZ8
2033	235,000 (c)	4.50	4.80	34683J GN5	2045	395,000 (c)	5.00	5.18	34683J HA2
2034	245,000 (c)	4.50	4.90	34683J GP0	2046	415,000 (c)	5.00	5.19	34683J HB0
2035	255,000 (c)	4.75	5.00	34683J QG8	2047	435,000 (c)	5.00	5.20	34683J HC8
2036	265,000 (c)	4.75	5.05	34683J GR6					

- (a) The initial reoffering yield has been provided by the Initial Purchaser and represents the initial offering price to the public of a substantial amount of the Bonds for each maturity. Such initial reoffering yield may subsequently be changed. The initial reoffering yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) The Bonds maturing on September 1, 2031, and thereafter, are subject to redemption prior to maturity at the option of the District in whole or, from time to time, in part, on September 1, 2030, or any date thereafter at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

All of the summaries of the statutes, resolutions, orders, contracts, audits, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents, copies of which are available from Bond Counsel, for further information.

This Official Statement is not to be used in connection with 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.

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. The District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and to the extent such information actually comes to its attention, the other matters described in this Official Statement, until delivery of the Bonds to the Initial Purchaser and thereafter only as specified in "SOURCES OF INFORMATION—Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on the cover page of this Official Statement, at a price of 97.007676% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 5.169208%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Initial Purchaser on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Other than as described in the Official Notice of Sale, the District has no understanding with the Initial Purchaser regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, AGM will issue a 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 "APPENDIX B" to this Official Statement.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its 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 and related entities. 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 October 20, 2023, 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 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 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 September 30, 2023:

- The policyholders' surplus of AGM was approximately \$2,569 million.
- The contingency reserve of AGM was approximately \$908 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$2,048 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); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2023 (filed by AGL with the SEC on November 8, 2023).

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

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

Miscellaneous Matters

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

RATINGS

The Bonds received an insured rating of "A1" (stable outlook) from Moody's solely in reliance upon the issuance and delivery of the Policy by AGM at the time of delivery of the Bonds. Moody's has assigned an underlying credit rating of "Baa1" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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

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

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer	Fort Bend County Municipal Utility District No. 134D (the “District”), a political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution, is located in Fort Bend County, Texas. See “THE DISTRICT.” The District was created by an Order Dividing Fort Bend County Municipal Utility District No. 134A and Redefining Boundaries, dated February 13, 2015 (the “Order Dividing”), pursuant to Chapter 1342, Acts of the 77 th Legislature, Regular Session, 2001, as Amended by Senate Bill 1872, 79 th Legislature, Regular Session, 2005, and Senate Bill 1823, 83 rd Legislature, Regular Session, 2013 (collectively, the “Act”). The District is vested with all rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Article XVI, Section 59 of the Texas Constitution, the Act, and Chapters 49 and 54 of the Texas Water Code, as amended.
The Issue	The District is issuing its \$6,405,000 Unlimited Tax Bonds, Series 2023 (the “Bonds”). Interest accrues from the initial date of delivery (expected to be on December 4, 2023), and the Bonds mature serially on September 1 of each of the years and in the principal amounts shown on the inside cover hereof. Interest is payable March 1, 2024, and on each September 1 and March 1 thereafter until maturity or prior redemption.
Redemption Provisions	The Bonds maturing on September 1, 2031, and thereafter, are subject to redemption prior to maturity at the option of the District in whole or, from time to time, in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See “THE BONDS—Redemption Provisions.”
Source of Payment	Principal of and interest on the Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, Texas, the City of Houston, Texas, the City of Richmond, Texas, or any entity other than the District. See “THE BONDS—Sources of Payment.”
Use of Proceeds	Proceeds of the Bonds will be used to reimburse the Developer for the portion of said construction costs and pay costs of issuance associated with the Bonds. See “THE BONDS—Use and Distribution of Bond Proceeds” for further information.
Authority	The Bonds are issued pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”); the order of the District’s Board of Directors authorizing the issuance of the Bonds (the “Bond Order”); an election held on May 9, 2015; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54, Texas Water Code, as amended. See “THE DISTRICT—General.”
Not Qualified Tax-Exempt Obligations	The Bonds are NOT designated as “Qualified Tax-Exempt Obligations” for financial institutions. See “NOT QUALIFIED TAX-EXEMPT OBLIGATIONS.”
Payment Record	The Bonds constitute the seventh issuance of bonded indebtedness by the District. See “THE BONDS—Source of Payment.”
Outstanding Bonds	The District previously issued six series of unlimited tax bonds for the purpose of acquiring or constructing the System. As of October 1, 2023, \$38,650,000 principal amount of unlimited tax bonds remained outstanding (the “Outstanding Bonds”).
Municipal Bond Insurance and Ratings	See “MUNICIPAL BOND INSURANCE” and “RATINGS” above.

Future Debt..... In the fourth quarter of 2023, the District anticipates that it will submit an application to the TCEQ for approval to issue its seventh series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System. The principal amount of such bond application remains to be determined, however the District anticipates that it will issue such bonds in 2024, following receipt of approval of the bond application from the TCEQ. See “THE BONDS—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”

Legal Opinion Coats Rose, P.C., Houston, Texas, Bond Counsel. See “LEGAL MATTERS.”

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

THE DISTRICT

Description..... Fort Bend County Municipal Utility District No. 134D, a political subdivision of the State of Texas, is located in Fort Bend County, Texas, approximately 20 miles southwest of downtown Houston. The District is located approximately 1 mile west of the intersection of U.S. Highway 99 and West Airport Boulevard. The land within the District is entirely within the extraterritorial jurisdiction (“ETJ”) of the City. See “THE DISTRICT - General, and - Description.”

Harvest Green The District is part of the approximately 1,680-acre master planned community known as “Harvest Green.” At full development, Harvest Green is projected to include single family, multi-family, institutional (churches, schools, etc.) and commercial development. Development of Harvest Green began in 2015. See “HARVEST GREEN.”

Status of Development Within the District..... Of the approximately 877.21 acres of land located within the District, approximately 418.15 acres have been developed with water distribution, sanitary sewer and storm drainage facilities to serve the single-family residential subdivisions of Harvest Green, Sections 1-16, 30-41 (1,484 lots). As of September 15, 2023, the District was comprised of 1,041 completed and occupied homes; 13 completed and unoccupied homes; 273 homes under construction and 157 vacant developed lots. There is currently 33.41 acres of commercial development which includes a retail shopping center, a day care, Montessori school, Neil Elementary School, and Messina Hof Winery. and 55.05 acres of multi-family development.

The remaining acreage within the District is comprised of 89.55 acres of undeveloped but developable acres and 281.05 undevelopable acres. See “DEVELOPMENT WITHIN THE DISTRICT.”

Developer/Principal Landowner..... The principal developer of land and/or landowner within the District is Grand Parkway 1358 LP, a Texas limited partnership, which is directly or indirectly owned and/or controlled by the Texas General Land Office. Additionally, Grand Parkway HG2 LP, a Texas limited partnership (“GP HG2,” or collectively, the “Developers”) was created to develop approximately 270 acres in the District. See “DEVELOPER/PRINCIPAL LANDOWNER.”

Homebuilders Homebuilders active within the District include DR Horton, Newmark Homes, Lennar Homes, Coventry, Westin Homes, Highland Homes, Perry Homes, David Weekley Homes, and Tri-Pointe Homes. Homes within the District range in price from \$350,000 to \$1.4 million and in square footage from 1,300 to 5,000. See “DEVELOPER/PRINCIPAL LANDOWNER.”

INVESTMENT CONSIDERATIONS

INVESTMENT IN THE BONDS IS SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS.”

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2023 Taxable Assessed Valuation	\$ 560,958,048 (a)	
Direct Debt:		
Outstanding Bonds	\$ 38,650,000	
The Bonds	<u>\$ 6,405,000</u>	
Total	<u>\$ 45,055,000</u>	
Estimated Overlapping Debt	<u>\$ 54,786,289</u> (b)	
Total Direct and Estimated Overlapping Debt	<u>\$ 99,841,289</u>	
Ratio of Direct Debt to:		
2023 Taxable Assessed Valuation	8.03%	
Ratio of Direct and Estimated Overlapping Debt to:		
2023 Taxable Assessed Valuation	17.80%	
Debt Service Fund Balance (as of October 6, 2023)	\$2,701,544 (c)	
General Fund Balance (as of October 6, 2023)	\$2,707,974	
Capital Projects Fund Balance (as of October 6, 2023)	\$ 11,660	
2023 Tax Rate		
Debt Service	\$0.55	
Maintenance & Operation	<u>0.41</u>	
Total	<u>\$0.96</u>	
Average Annual Debt Service Requirements (2024-2047)	\$2,683,095 (d)	
Maximum Annual Debt Service Requirements (2040)	\$3,133,020 (d)	
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirement (2024-2047) at 95% Tax Collections Based Upon 2023 Taxable Assessed Valuation.....		\$0.51
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement (2040) at 95% Tax Collections Based Upon 2023 Taxable Assessed Valuation.....		\$0.59
Single-Family Homes as of September 15, 2023	1,054 (e)	
Estimated District Population.....	3,644 (f)	

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District" or "FBCAD") consisting of \$589,872,671 of certified value and \$11,795,327 of uncertified value. It is expected that Lakeside Place PFC consisting of \$40,709,950 of value will be 100% exempt from ad valorem taxation commencing the 2023 tax year; however, the Appraisal District records do not currently reflect the exemption. See "TAX DATA—Assessed Taxable Valuation Summary," "TAX DATA—Principal Taxpayers," and "TAXING PROCEDURES."
- (b) See "DISTRICT DEBT—Estimated Overlapping Debt Statement."
- (c) Neither State law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund.
- (d) Debt service on the Outstanding Bonds and the Bonds. See "DISTRICT DEBT—Debt Service Requirements."
- (e) Approximately 1,041 homes are occupied, and 13 homes are unoccupied.
- (f) Based on 3.5 people per occupied single-family residence.

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 134D (the "District"), of its \$6,405,000 Unlimited Tax Bonds, Series 2023 (the "Bonds").

The Bonds are issued pursuant to an order of the TCEQ; the order of the District's Board of Directors authorizing the issuance of the Bonds (the "Bond Order"); an election held on May 9, 2015; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas (the "State"), including Chapters 49 and 54, Texas Water Code, as amended.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained from the District upon request to Bond Counsel (as defined herein). 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.

The Bonds will mature on September 1 in each of the years and in principal amounts, and will accrue interest from the initial date of delivery (expected to be on December 4, 2023) with interest payable March 1, 2024, and semiannually thereafter on each September 1 and March 1 until maturity or redemption. The Bonds maturing on September 1, 2031, and thereafter, are subject to redemption prior to maturity at the option of the District, in whole or, from time to time, in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a particular maturity are redeemed, the Paying Agent/Registrar (as defined below) shall select the particular Bonds to be redeemed by random selection method.

The Bonds will be issued only in fully registered form in any integral multiples of \$5,000 of principal amount for any one maturity and will be initially 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. No physical delivery of the Bonds will be made to the owners thereof. Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, Zions Bancorporation, National Association dba Amegy Bank, Houston, Texas (the "Paying Agent/Registrar"), the Paying Agent/Registrar to Cede & Co., as registered owner. DTC will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" Below.

In the event the Book-Entry-Only System is discontinued and physical bond certificates issued, interest on the Bonds shall be payable by check mailed by the Paying Agent/Registrar on or before each interest payment date, to the registered owners ("Bondholders") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date (the "Record Date") to the address of such Bondholder as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Bondholder at the risk and expense of such Bondholder.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Redemption proceeds, principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC,

the Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Registration, Transfer and Exchange

In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of the Bonds will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and the Paying Agent/Registrar of security or indemnity which they determine to be sufficient to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

The bonds authorized by the resident electors of the District, the amount of bonds issued and the remaining authorized but unissued bonds are as follows:

<u>Election Date</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>The Bonds</u>	<u>Remaining Unissued</u>
5/9/2015	Water, Sewer and Drainage and Refunding	\$ 206,000,000	\$ 44,185,000	\$ 6,405,000	\$ 155,410,000
		<u>\$ 206,000,000</u>	<u>\$ 44,185,000</u>	<u>\$ 6,405,000</u>	<u>\$ 155,410,000</u>

The Bonds are issued pursuant to an order of the TCEQ; the Bond Order; an election held on May 9, 2015; and Article XVI, Section 59 of the Texas Constitution and the general laws of the State, including Chapters 49 and 54, Texas Water Code, as amended.

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

Source of Payment

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied without legal limitation as to rate or amount against taxable property located within the District. In the Bond Order, the District covenants to levy a sufficient tax to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's Debt Service Fund and used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which may hereafter be issued by the District.

Redemption Provisions

The Bonds maturing on September 1, 2031, and thereafter, shall be subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Bondholder of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by a random selection method in integral multiples of \$5,000 within any one maturity. The Bondholder of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Annexation

The District is located partially within the extraterritorial jurisdiction ("ETJ") of the City of Houston, Texas, partially within the ETJ of the City of Richmond, Texas, and partially not within the ETJ or corporate boundaries of any city. The City of Houston, Texas and the City of Richmond, Texas are home-rule cities, and as such, they have the authority to annex land within their respective ETJs; however, neither city may annex land in the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. If one of these cities were to annex land that is within its ETJ and within the District, the District would not be dissolved; the annexed land would be subject to taxation by both the applicable city and the District.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater system of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

Defeasance

The Bond Order provides that the District may discharge its obligations to the Bondholder of any or all of the Bonds to pay principal of, interest on and redemption price thereon in any manner permitted by law. Under current State law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State 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 or payment (paying agent) for obligations of the District payable from ad valorem taxes, amounts sufficient to provide for 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. In the Bond Order, the District has specifically reserved the right to call the Bonds for redemption after the defeasance thereof.

Record Date for Interest Payment

Interest on the Bonds will be paid to the registered owner appearing on the registration and transfer books of the Paying Agent/Registrar at the close of business on the Record Date and shall be paid by the Paying Agent/Registrar (i) by check sent United States mail, first class postage prepaid, to the address of the registered owner recorded in the registration and transfer books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal payment office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

Issuance of Additional Debt

The District's voters have authorized a total of \$206,000,000 principal amount of bonds for the System and the refunding of such bonds. The Bonds are the seventh series of unlimited tax bonds issued by the District for the System. Following the issuance of the Bonds, \$155,410,000 principal amount of unlimited tax bonds for the System will remain authorized and unissued.

Following the reimbursement with the proceeds of the Bonds, the District will owe the Developers (as defined herein) approximately \$26,160,000 for District projects, the funds for which were advanced by the Developer.

Additionally, in the fourth quarter of 2023, the District anticipates that it will submit an application to the TCEQ for approval to issue its third series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System. The principal amount of such bond application remains to be determined, however the District anticipates that it will issue such bonds in 2024, following receipt of approval of the bond application from the TCEQ.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, Quiddity (the "Engineer"), following the issuance of the bonds, the District will have adequate authorized but unissued bonds to reimburse the Developer the remaining amounts owed for the existing utility facilities, and to finance the extension of the System to serve the remaining undeveloped land within the District.

Amendments to the Bond Order

The District may, without the consent of or notice to any Bondholder, amend the Bond Order in any manner not detrimental to the interests of the Bondholder, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Bondholders of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, and provided that it has not failed to make a timely payment of principal of or interest on the Bonds, no such amendment, addition or rescission may (1) change the date specified as the date on which the principal of or any installment of interest on any Bond is due and payable, reduce the principal amount thereof, the redemption price thereof, or the rate of interest thereon, change the place or places at, or the coin or currency in which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) modify any of the provisions of the Bond Order relating to the amendment thereof, except to increase any percentage provided thereby or to provide that certain other provisions of the Bond Order cannot be modified or waived without the consent of the holder of each Bond affected thereby. In addition, a state, consistent with federal law, may, in the exercise of its police power, make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Registered Owners' Remedies

The Bond Order does not provide for the appointment of a trustee to represent the interests of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition. Furthermore, the Bond Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Bond Order. Subject to the holdings of several recent Texas Supreme Court cases discussed below, a registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. In addition, the Texas Supreme Court ruled that a waiver of sovereign immunity must be provided for by statute in clear and unambiguous language and that certain statutory language previously relied upon by

lower courts to support a finding that sovereign immunity had been waived did not constitute a clear and unambiguous waiver of sovereign immunity. Neither the remedy of mandamus nor any other type of injunctive relief was considered in these recent Supreme Court cases; and, in general, Texas courts have held that a writ of mandamus may be issued to require a public official to perform ministerial acts that clearly pertain to their duties, such as a legal duty that leaves nothing to the exercise of discretion or judgment. Texas courts have also held that mandamus may be used to require a public official to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract. The District is also eligible to seek relief from its creditors under Chapter 9. Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code. See “INVESTMENT CONSIDERATIONS—Registered Owners’ Remedies,” and “—Bankruptcy Limitation to Registered Owners’ Rights.”

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

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Use and Distribution of Bond Proceeds

The construction costs below were compiled by the District’s Engineer and were submitted to the TCEQ in the District’s Bond Application Report. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and the Financial Advisor. The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completion of agreed-upon procedures by the District’s Auditor.

I. CONSTRUCTION COSTS

Utilities to Serve Harvest Green Commercial Reserve C-4.....	\$	128,097
Harvest Green Wastewater Treatment Plant Expansion to 0.6 MGD.....		348,910
Harvest Home Drive Street Dedication and Bullhead Slough Detention.....		127,323
Harvest Green Water Plant No. 2.....		1,755,291
Wastewater Treatment Plant Expansion to 1.5 MGD Engineering.....		2,305,597
Engineering & Testing.....		679,540
Total Construction Costs.....	\$	5,344,758

II. NON-CONSTRUCTION COSTS

Legal Fees.....	\$	168,100
Fiscal Agent Fees.....		128,100
Developer Interest (Estimated).....		219,480
b). BAN Interest (a).....		71,941
BAN Issuance Expenses.....		68,837
Bond Discount (a).....		191,658
Operating Advances.....		37,257
Bond Issuance Expenses.....		62,500
Bond Application Report Costs.....		60,600
Attorney General Fee.....		6,405
TCEQ Bond Issuance Fee.....		16,013
Contingency (a).....		29,351
Total Non-Construction Costs.....	\$	1,060,242

TOTAL BOND ISSUE REQUIREMENT..... \$ 6,405,000

(a) Contingency represents the difference in the estimated and actual amounts of BAN interest and Bond discount.

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

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DISTRICT DEBT

General

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

2023 Taxable Assessed Valuation	\$ 560,958,048 (a)
Direct Debt:	
Outstanding Bonds	\$ 38,650,000
The Bonds	<u>\$ 6,405,000</u>
Total	\$ 45,055,000
Estimated Overlapping Debt	<u>\$ 54,786,289</u> (b)
Total Direct and Estimated Overlapping Debt	<u>\$ 99,841,289</u>
Ratio of Direct Debt to:	
2023 Taxable Assessed Valuation	8.03%
Ratio of Direct and Estimated Overlapping Debt to:	
2023 Taxable Assessed Valuation	17.80%
Debt Service Fund Balance (as of October 6, 2023)	\$2,701,544 (c)
General Fund Balance (as of October 6, 2023)	\$2,707,974
Capital Projects Fund Balance (as of October 6, 2023)	\$ 11,660
2023 Tax Rate	
Debt Service	\$0.55
Maintenance & Operation	<u>0.41</u>
Total	<u>\$0.96</u>
Average Annual Debt Service Requirements (2024-2047)	\$2,683,095 (d)
Maximum Annual Debt Service Requirements (2040)	\$3,133,020 (d)
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds (2024-2047) at 95% Tax Collections Based Upon 2023 Taxable Assessed Valuation.....	
	\$0.51
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds (2040) at 95% Tax Collections Based Upon 2023 Taxable Assessed Valuation.....	
	\$0.59

(a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District" or "FBCAD") consisting of \$589,872,671 of certified value and \$11,795,327 of uncertified value. It is expected that Lakeside Place PFC consisting of \$40,709,950 of value will be 100% exempt from ad valorem taxation commencing the 2023 tax year; however, the Appraisal District records do not currently reflect the exemption. See "TAX DATA—Assessed Taxable Valuation Summary," "TAX DATA—Principal Taxpayers," and "TAXING PROCEDURES."

(b) See "Estimated Overlapping Debt Statement" herein.

(c) Neither State law nor the Bond Order requires that the District maintain any particular sum in the Debt Service Fund.

(d) Debt service on the Outstanding Bonds and the Bonds. See "Debt Service Requirements" herein.

Estimated Overlapping Debt Statement

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

<u>Taxing Jurisdiction</u>	<u>Tax Year</u>	<u>AV</u>	<u>Debt as of 8/31/2023</u>	<u>Overlapping</u>	
				<u>Percent</u>	<u>Amount</u>
Fort Bend County	2022	\$ 97,436,205,190	\$ 956,522,050	0.50%	\$ 4,772,713
Fort Bend County Drainage District	2022	96,649,376,011	23,615,000	0.50%	118,790
Fort Bend ISD	2022	47,809,906,603	1,548,150,000	1.02%	15,742,939
Fort Bend Co. MMD No. 1	2022	930,369,081	65,355,000	52.26%	34,151,848
Total Estimated Overlapping Debt					\$ 54,786,289
The District Direct Debt (a)					\$ 45,055,000
Total Direct Debt and Estimated Overlapping Debt					\$ 99,841,289

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

	<u>2023 Taxable Assessed Valuation</u>
Direct Debt (a)	8.03%
Total Direct and Estimated Overlapping Debt (a)	17.80%

(a) Includes the Outstanding Bonds and the Bonds.

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Debt Service Requirements

The following schedule sets forth the debt service requirements on the Outstanding Bonds and the principal and interest requirements on the Bonds.

Year Ending 12/31	Outstanding Debt Service	Plus: The Bonds		Total Debt Service
		Principal	Interest	
2024	\$ 2,629,001	\$ -	\$ 239,790	\$ 2,868,791
2025	2,627,251	175,000	323,313	3,125,564
2026	2,629,001	180,000	311,938	3,120,939
2027	2,633,789	185,000	300,238	3,119,026
2028	2,636,039	195,000	288,213	3,119,251
2029	2,636,451	205,000	277,000	3,118,451
2030	2,639,726	210,000	266,750	3,116,476
2031	2,644,414	220,000	256,250	3,120,664
2032	2,645,976	230,000	246,900	3,122,876
2033	2,650,739	235,000	236,550	3,122,289
2034	2,651,264	245,000	225,975	3,122,239
2035	2,654,739	255,000	214,950	3,124,689
2036	2,659,914	265,000	202,838	3,127,751
2037	2,667,733	270,000	190,250	3,127,983
2038	2,667,220	285,000	176,750	3,128,970
2039	2,667,714	300,000	162,500	3,130,214
2040	2,675,520	310,000	147,500	3,133,020
2041	2,679,050	320,000	132,000	3,131,050
2042	2,678,843	335,000	116,000	3,129,843
2043	1,520,438	360,000	99,250	1,979,688
2044	890,438	380,000	81,250	1,351,688
2045	417,713	395,000	62,250	874,963
2046	163,600	415,000	42,500	621,100
2047	-	435,000	21,750	456,750
	<u>\$ 53,366,570</u>	<u>\$ 6,405,000</u>	<u>\$ 4,622,703</u>	<u>\$ 64,394,273</u>

Average Annual Debt Service Requirements - (2024-2047) \$2,683,095
 Maximum Annual Debt Service Requirement - (2040) \$3,133,020

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TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

The Property Tax Code requires the appraisal district, by May 15 of each year, or as soon thereafter as practicable, to prepare appraisal records of property as of January 1 of each year based upon market value. The chief appraiser must give written notice before May 15, or as soon thereafter as practicable, to each property owner whose property value is appraised higher than the value in the prior tax year or the value rendered by the property owner, or whose property was not on the appraisal roll the preceding year, or whose property was reappraised in the current tax year. Notice must also be given if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any property owner who has timely filed notice with the appraisal review board may appeal a final determination by the appraisal review board by filing suit in a Texas district court. Prior to such appeal or any tax delinquency date, however, the property owner must pay the tax due on the value of that portion of the property involved that is not in dispute or the amount of tax imposed in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. 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. In addition, taxing units, such as the District, are entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records of the granting in whole or in part of certain exemptions. A taxing unit may not, however, challenge the valuation of individual properties.

Although the District has the responsibility for establishing tax rates and levying and collecting its taxes each year, under the Property Tax Code, the District does not establish appraisal standards or determine the frequency of revaluation or reappraisal. The appraisal district is governed by a board of directors elected by the governing bodies of the county and all cities, towns, school districts and, if entitled to vote, the conservation and reclamation districts that participate in the appraisal district. The Property Tax Code requires each appraisal district to implement a plan for periodic reappraisal of property to update appraised values. Such plan must provide for reappraisal of all real property in the appraisal district at least once every three years. It is not known what frequency of future reappraisals will be utilized by the FBCAD or whether reappraisals will be conducted on a zone or county-wide basis.

Property Subject to Taxation by the District

Except for certain exemptions provided by State law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

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

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by May 1.

Freeport Goods Exemption and "Goods-in-Transit": A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Fort Bend County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the District, at the option and discretion of the District, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified

improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdiction. None of the area within the District has been designated as a Reinvestment Zone to date, and the District has not approved any such tax abatement agreements.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the FBCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

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

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

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

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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.

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers in the event of certain proposed tax increases and provides for taxpayers referenda which could result in the repeal of certain tax increases. The District is required to publish a notice of a public hearing regarding the tax rate proposed to be levied in the current year and comparing the proposed tax rate to the tax rate set in the preceding year.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per \$100 of taxable value are classified as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Other Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates can not 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, subject to certain homestead exemptions, are required to hold a rollback 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 1.08 times the previous year's operation and maintenance tax rate.

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

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

The District: A determination as to a district's status as a Low Tax Rate District, Developed District or Other District will be made on an annual basis, at the time a district sets its tax rate. For the 2023 tax year, the Board of Directors has determined that the District's classification is that of an Other District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new rollback election calculation.

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 timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the FBCAD to compel compliance with the Property Tax Code.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes, unless it elects to transfer such functions to another governmental entity. The date of delinquency may be postponed if the tax bills are mailed after January 1. A person over sixty-five (65) years of age is entitled by law to pay current taxes on his residential homestead in installments or to defer tax without penalty during the time he owns and occupies the property as his residential homestead. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors of the District based on valuation of property within the District as of the preceding January 1.

Taxes are due September 1, or when billed, whichever comes later, and become delinquent after January 31 of the following year. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty of up to twenty percent (20%) if imposed by the District. The delinquent tax also accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code also

makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person at least 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 State law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes within the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural property and six (6) months for commercial property and all other types of property after the purchasers deed at the foreclosure sale is filed in the county records.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, not to exceed \$1.50 per \$100 of assessed valuation, for operation and maintenance purposes. The District levied a 2022 Tax Rate of \$0.91 per \$100 of assessed valuation for operation and maintenance and debt service purposes.

Tax Rate Limitation

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2018-2023 tax years:

Year	Assessed Valuation	Tax Rate per \$100 (a)	Tax Levy	% of Current Collections	Tax Year Ended 9/30	Collections as 9/30/2023
2018	\$233,930,165	\$1.00	\$2,339,302	100.00%	2019	100.00%
2019	304,782,222	1.00	3,047,822	99.91%	2020	99.91%
2020	321,940,174	1.00	3,214,325	99.84%	2021	99.84%
2021	353,820,366	1.00	3,534,008	99.88%	2022	99.88%
2022	486,172,802	1.00	4,860,529	99.98%	2023	99.98%
2023	560,958,048	0.96	5,385,197	(b)	2024	(b)

(a) Includes a tax for maintenance and operation and debt service purposes. See "Tax Rate Distribution" below.

(b) In process of collection. 2023 taxes are due January 31, 2024.

Tax Rate Distribution

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt Service	\$ 0.55	\$ 0.85	\$ 0.75	\$ 0.79	\$ 0.76
M&O	<u>0.41</u>	<u>0.15</u>	<u>0.25</u>	<u>0.21</u>	<u>0.24</u>
Total	\$ 0.96	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00

Analysis of Tax Base

The following table illustrates the District’s total taxable assessed value in the tax years 2019-2023 by type of property.

Type of Property	2023	2022	2021	2020	2019
	Taxable Assessed Valuation	Certified Taxable Assessed Valuation	Certified Taxable Assessed Valuation	Certified Taxable Assessed Valuation	Certified Taxable Assessed Valuation
Land	\$ 93,793,393	\$ 91,866,165	\$ 78,330,365	\$ 70,679,590	\$ 69,782,077
Improvements	532,761,856	428,118,889	304,768,101	280,409,834	255,095,329
Personal Property	2,248,918	1,511,390	1,731,940	1,299,550	869,530
Exemptions	<u>(38,931,496)</u>	<u>(35,323,642)</u>	<u>(31,010,040)</u>	<u>(30,448,800)</u>	<u>(20,964,714)</u>
Uncertified	11,795,327	-	-	-	-
Less: Tax-Exempt (a)	<u>(40,709,950)</u>	-	-	-	-
Total	<u>\$560,958,048</u>	<u>\$486,172,802</u>	<u>\$353,820,366</u>	<u>\$321,940,174</u>	<u>\$304,782,222</u>

(a) It is expected that Lakeside Place PFC will be 100% exempt from ad valorem taxation commencing the 2023 tax year; however, the Appraisal District records do not currently reflect the exemption. See “Principal Taxpayers” herein.

Principal Taxpayers

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

Taxpayer	2023 Tax Year	% of Tax Roll
Elan Harvest Green Owner LLC	\$ 43,857,082	7.44%
Lakeside Place PFC (a)	40,709,950	6.90%
TX Wine Ventures LLC	4,696,194	0.80%
89 Harvest LLC	3,791,892	0.64%
SSPL LLC	3,427,907	0.58%
CH Harvest Green LLC	3,136,642	0.53%
Grand Parkway 1358 LP (b)	1,172,794	0.20%
Individual	901,071	0.15%
Individual	900,547	0.15%
Individual	859,490	0.15%
Total	\$ 103,453,569	17.54%

(a) It is expected that Lakeside Place PFC will be 100% exempt from ad valorem taxation commencing the 2023 tax year; however, the Appraisal District records do not currently reflect the exemption.

(b) See “DEVELOPER/PRINCIPAL LANDOWNER.”

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Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Taxable Assessed Valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2023 Taxable Assessed Valuation (\$560,958,048). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2024-2047)	\$ 2,683,095
Tax Rate of \$0.51 on the 2023 Taxable Assessed Valuation at 95% collection produces	\$ 2,717,842
 Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2040)	 \$ 3,133,020
Tax Rate of \$0.59 on the 2023 Taxable Assessed Valuation at 95% collection produces	\$ 3,144,170

Estimated Overlapping Taxes

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

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

<u>Taxing Jurisdiction</u>	<u>2022 Tax Rate</u>
The District (a)	\$ 0.960000
Fort Bend County (b)	0.452800
Fort Bend Independent School District	1.210100
Fort Bend County MMD No. 1 (a)	0.450000
Total Tax Rate	\$ 3.072900

(a) Represents the District’s levied 2023 total tax rate and Fort Bend County MMD 1’s levied 2023 tax rate.
 (b) Includes \$0.0145 for Fort Bend County Drainage District.

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THE DISTRICT

General

The District is a political subdivision of the State, operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution, located in Fort Bend County, Texas. The District was created by an Order Dividing Fort Bend County Municipal Utility District No. 134A and Redefining Boundaries dated February 13, 2015 (the "Order Dividing"), pursuant to Chapter 1342, Acts of the 77th Legislature, Regular Session, 2001, as amended, by Senate Bill 1872, 79th Legislature, Regular Session, 2013 (collectively, the "Act"). The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State applicable to municipal utility districts, including without limitation to those conferred by Article XVI, Section 59 of the Texas Constitution, the Act, and Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

Description

The District is located in central Fort Bend County, approximately five miles west of Sugar Land and 20 miles southwest of downtown Houston. The District is located approximately one mile west of the intersection of U.S. Highway 99 and West Airport Boulevard. The land within the District is partially within the ETJ of the City of Houston, Texas, partially within the ETJ of the City of Richmond, Texas and partially not within the ETJ or corporate boundaries of any city.

The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water, among other things. The District may also provide solid waste collection and disposal service.

Management of the District

The District is governed by a board of five directors (the "Board") which has control over and management supervision of all affairs of the District. Directors are elected in even-numbered years for four-year staggered terms. The present members and officers of the Board are listed below:

<u>Name</u>	<u>Position</u>	<u>Term Expires May</u>
Robert Hernandez	President	2024
Scott Owen	Vice President	2026
Crystal Harris	Secretary	2026
Jason Scholtz	Assistant Secretary	2026
Michelle Giacona	Assistant Secretary	2024

The District employs the following companies and individuals to operate its utilities and recreational facilities:

Tax Assessor/Collector: The District's Tax Assessor/Collector is Tax Tech, Inc.

Bookkeeper: The District contracts with L&S District Services, LLC, for bookkeeping services.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McGrath & Co., PLLC for the fiscal year ended December 31, 2022, is included as "APPENDIX A" to this Official Statement.

Engineer: The consulting engineer retained by the District in connection with the design and construction of the District's facilities is Quiddity Engineering, LLC.

Bond & General Counsel: The District has engaged Coats Rose, P.C. as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds. Coats Rose, P.C. also acts as general counsel for the District.

Disclosure Counsel: The District has engaged Orrick, Herrington & Sutcliffe LLP, Houston, Texas as Disclosure Counsel in connection with the issuance of the Bonds. The legal fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds.

Financial Advisor: The District has engaged the firm of Robert W. Baird & Co. Incorporated as Financial Advisor to the District. Payment to the Financial Advisor by the District is contingent upon the issuance, sale and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

DEVELOPMENT WITHIN THE DISTRICT

Of the approximately 877.21 acres of land located within the District, approximately 418.15 acres have been developed with water distribution, sanitary sewer and storm drainage facilities to serve the single-family residential subdivisions of Harvest Green, Sections 1-16, 30-41 (1,484 lots). As of September 15, 2023, the District was comprised of 1,041 completed and occupied homes; 13 completed and unoccupied homes; 273 homes under construction and 157 vacant developed lots.

The following is a status of construction of single-family housing within the District as of September 15, 2023:

Section	Acres	Lots	Completed	Completed	Homes	Vacant
			Occupied	Unoccupied	Under Construction	
			Homes	Homes		Lots
Harvest Green Section 1	17.6	59	59	0	0	0
Harvest Green Section 2	15.24	66	66	0	0	0
Harvest Green Section 3	23.02	93	93	0	0	0
Harvest Green Section 4	19.07	55	55	0	0	0
Harvest Green Section 5	17.01	44	44	0	0	0
Harvest Green Section 7	3.78	10	10	0	0	0
Harvest Green Section 8	3.84	8	8	0	0	0
Harvest Green Section 9	12.86	38	38	0	0	0
Harvest Green Section 10	12.49	30	30	0	0	0
Harvest Green Section 11	17.38	60	60	0	0	0
Harvest Green Section 12	19.01	79	79	0	0	0
Harvest Green Section 13	27.32	123	123	0	0	0
Harvest Green Section 14	24.24	71	71	0	0	0
Harvest Green Section 15	49.67	123	123	0	0	0
Harvest Green Section 16	12.11	35	35	0	0	0
Harvest Green Section 30	28.86	139	139	0	0	0
Harvest Green Section 31	1.06	3	3	0	0	0
Harvest Green Section 32	3.25	4	4	0	0	0
Harvest Green Section 33	0.55	1	1	0	0	0
Harvest Green Section 34	4.17	16	0	13	1	2
Harvest Green Section 35	21.22	76	0	0	46	30
Harvest Green Section 36	11.72	36	0	0	35	1
Harvest Green Section 37	10.19	24	0	0	23	1
Harvest Green Section 38	10.49	55	0	0	30	25
Harvest Green Section 39	17.12	87	0	0	38	49
Harvest Green Section 40	20.11	86	0	0	43	43
Harvest Green Section 41	<u>14.78</u>	<u>63</u>	<u>0</u>	<u>0</u>	<u>57</u>	<u>6</u>
Total Developed	418.15	1,484	1,041	13	273	157
Developed Commercial	33.41					
Multi-Family	55.05					
Developable Acreage	89.55					
Undevelopable Acreage	<u>281.05</u>					
Total	877.21					

Homebuilders active within the District include DR Horton, Newmark Homes, Lennar Homes, Coventry, Westin Homes, Highland Homes, Perry Homes, David Weekley Homes, and Tri-Pointe Homes. Homes within the District range in price from \$350,000 to \$1.4 million and in square footage from 1,300 to 5,000.

Current commercial development within the District includes the Shops at Harvest Green, a retail shopping center, Children’s Lighthouse day care center, Messina Hof Winery, Montessori school, and Neil Elementary School.

HARVEST GREEN

The District is part of the approximately 1,680-acre master planned community known as "Harvest Green." The District is one of two municipal utility districts within Harvest Green with the power of acquiring or constructing a waterworks, wastewater and storm drainage system. At full development, Harvest Green is projected to include single family, multi-family, institutional (churches, schools, etc.) and commercial development. Development of Harvest Green began in 2015.

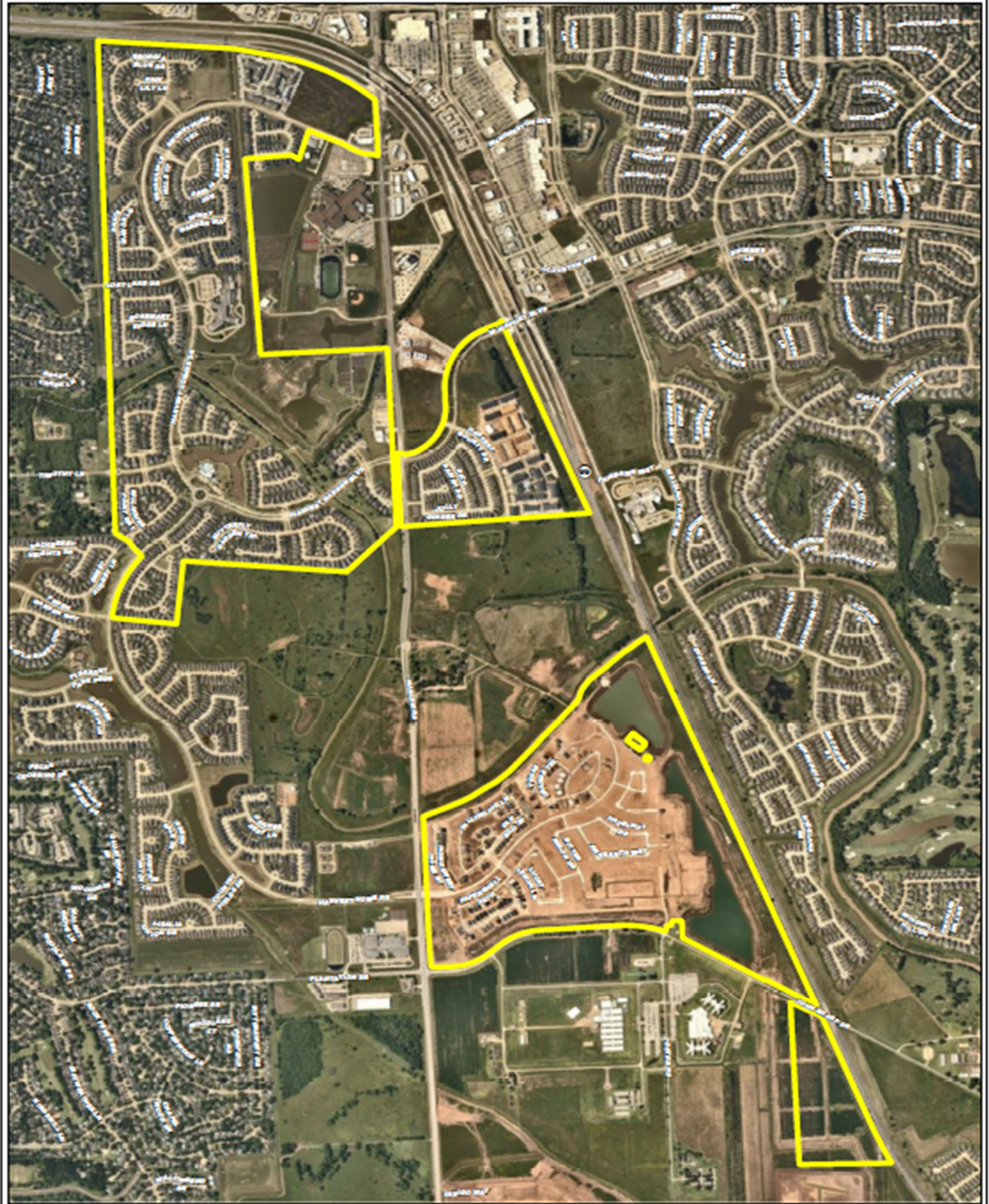
Two municipal utility districts have been created to encompass the land within Harvest Green: the District and Fort Bend County MUD 134E ("MUD 134E"). Each of the District and MUD 134E (collectively, the "Districts") provides water, wastewater and storm drainage facilities to the property within their respective boundaries. The District operates and maintains certain shared water, wastewater and drainage facilities, including a leased wastewater treatment plant, for the benefit of the Districts. The Developer has advanced funds on behalf of the District and MUD 134E to finance the construction of the water and wastewater facilities to serve portions of the land within the District and MUD 134E. Development of water, sewer and drainage has begun in the District and MUD 134E. Development for MUD 134E began in the last quarter of 2017 and has since completed development. Within MUD 134E, approximately 325 acres have been developed as Harvest Green, Sections 16-29 (904 lots). As of September 15, 2023, MUD 134E was comprised of 903 completed and occupied homes and one completed and unoccupied home. See "THE SYSTEM."

Harvest Green has developed a 12-acre Village Farm to provide farm plots for lease, tours, events and classes for residents as well as the Farm House Recreation Center, which has a pool, fitness center, splash pad, amphitheater and playground.

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AERIAL PHOTOGRAPH OF THE DISTRICT
(taken October 2023)

FBCMUD No. 134D AERIAL OVERALL



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2023)



DEVELOPER/PRINCIPAL LANDOWNER

The Role of a Developer

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

The Developer

The original principal developer of land within the District is Grand Parkway 1358 LP, a Texas limited partnership ("Grand Parkway 1358" or the "Developer"), which is owned and controlled by the Texas General Land Office. Grand Parkway 1358 was created to own and/or develop land in the Harvest Green project, and all of the assets and liabilities of Grand Parkway 1358 is related solely to the Harvest Green project. Additionally, Grand Parkway HG2 LP, a Texas limited partnership ("GP HG2," or collectively, the "Developers") was created to develop approximately 270 acres in the District.

Development Management

The development of the Harvest Green project is being managed by an affiliate of The Johnson Development Corp. ("JDC"), which has over 40 years of experience in real estate development and its real estate activities have included over 77 projects resulting in the development of nearly 40,000 acres of multi-use commercial parks, office buildings, retail centers, residential subdivisions, master-planned golf course communities and multi-family housing. In the Houston metropolitan area, in addition to Harvest Green, JDC's developments include Atascocita, Steeplechase, Sienna, Riverstone, Silverlake, Fall Creek, Woodforest, Imperial Sugar Land, Edgewater, Tuscan Lakes, Cross Creek Ranch, Harmony, Grand Central Park, Jordan Ranch, and Veranda.

Prospective purchasers of the Bonds should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. Circumstances surrounding development within the District may differ from circumstances surrounding development of other land in several respects, including the existence of different economic conditions, financial arrangements, homebuilders, geographic location, market conditions, and regulatory climate.

Development Financing

In October 2014, the Developer obtained a revolving credit development loan for the Harvest Green project from Woodforest Bank. The loan, as amended, may have a maximum principal balance of \$2,500,000, bears interest at the prime rate plus 1%, has a minimum interest rate of 5.00%, and matures on March 31, 2024. The loan is secured by a first lien deed of trust on approximately 63.7 acres of land in the Harvest Green project, owned by the Developer. The outstanding balance on the loan was \$355,488 as of April 3, 2023. According to the Developer, it is in compliance with all material conditions of the loan.

THE SYSTEM

Water Supply Facilities

Approximately 547 acres within the District and approximately 493 acres with the District are located within MUD 134E. MUD 134D currently receives all of their water from Water Plant No. 1 and through a lease with Pecan Grove MUD. The District owns one groundwater plant with one well totaling 2,000 gallons per minute ("gpm"), 635,000 gallons of ground storage tank capacity, booster pumps totaling at 3,000 gpm capacity, 40,000 gallons of pressure tank capacity and appurtenant equipment. The District entered into a lease agreement with Pecan Grove MUD and is approved to use up to 2,100 ESFC's until the future Water Plant No. 2 is constructed. The Water Plant No. 2 is anticipated to be operational in March 2024.

Source of Wastewater Treatment

The District and Fort Bend County MUD No.134E have entered into a 60-month lease with option to purchase for two interim package 0.2 MGD (200,000 gpd) wastewater treatment plants and purchased one 0.2 MGD (200,000 gpd) wastewater treatment plant for a total of 0.6 MGD (600,000 gpd) which it is using to serve the District. The District's share of the wastewater treatment plant is capable of serving 1,163 ESFCs, which is sufficient to serve the connections in the District.

100-Year Floodplain

The District currently has approximately 51.2 acres within the 100-year floodplain as determined by the Flood Insurance Rate Map 48157C0255L for Fort Bend County, Texas, approved by the Federal Emergency Management Agency (FEMA) on April 2, 2014. This area is adjacent to and along Oyster Creek and includes a portion of the detention pond and drainage channels. There are no single family residences located within the 100-year floodplain. There are no plans for residential building pads to be located within the 100-year floodplain.

General Fund Operating Statement

The following is a summary of the District's Operating Fund. The figures for the fiscal years 2019 through 2022 were obtained from the District's annual financial reports, and in the instance of the seven months ended July 31, 2023, the District's bookkeeper, reference to which is hereby made. The District is required by statute to have a certified public accountant audit the District's financial statements annually, which annual audit is filed with the TCEQ.

Revenues	1/1/2023 to	Fiscal Year Ended December 31,			
	7/31/2023 (a) (Unaudited)	2022	2021	2020	2019
Water Service	\$180,342	\$ 237,738	\$ 144,315	\$ 177,035	\$ 449,727
Sewer Service	492,399	617,543	465,366	466,985	451,060
Property Taxes	737,783	881,819	674,925	762,778	775,594
Penalty and Interest	31,858	32,747	16,748	16,231	24,255
Fire Protection	225,882	245,388	135,695	132,418	128,773
Participant billings	-	126,820	121,025	84,410	194,294
Regional Water Authority Fees	593,535	861,018	535,389	721,604	127,163
Tap Connection and Inspection Fees	636,443	105,875	163,158	191,385	76,231
Security	205,380	152,735	106,370	109,632	107,294
Miscellaneous Revenues	74,923	40,904	10,955	-	-
Investment Earnings	67,397	37,115	578	6,472	19,976
Total	\$ 3,245,942	\$ 3,339,702	\$ 2,374,524	\$ 2,668,950	\$ 2,354,367
Expenditures					
Purchased Services	\$675,515	\$ 1,233,141	\$ 818,585	\$ 981,981	\$ 1,063,183
Professional Fees	191,695	143,642	68,108	98,780	127,799
Contracted Services	325,423	791,986	551,921	507,944	503,684
Repairs and Maintenance	322,827	406,759	155,251	349,095	218,615
Joint Facilities Lease	53,435	150,289	161,200	-	69,347
Utilities	15,870	20,805	15,443	17,529	12,742
Administrative	7,506	32,483	25,007	29,558	33,320
Other	665,161	33,430	22,580	5,570	15,610
Capital Outlay	576,999	-	-	-	-
Surface Water	-	-	-	-	7,318
Total	\$ 2,834,431	\$ 2,812,535	\$ 1,818,095	\$ 1,990,457	\$ 2,051,618
NET REVENUES (Deficit)	\$ 411,511	\$ 527,167	\$ 556,429	\$ 678,493	\$ 302,749
Other Financing Sources (Uses):					
Interfund Transfer	\$ -	\$ (114,000)	\$ (168,824)	\$ 94,564	\$ -
Participants True Up	-	-	73,317	-	-
Beginning fund balance	\$ 2,458,455	\$ 2,045,288	\$ 1,584,366	\$ 811,309	\$ 508,560
Ending fund balance	\$ 2,869,966	\$ 2,458,455	\$ 2,045,288	\$ 1,584,366	\$ 811,309

(a) Unaudited, provided by the bookkeeper.

INVESTMENT CONSIDERATIONS

General

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

Economic Factors Affecting Taxable Values and Tax Payments

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

Developer’s Obligations to the District: There is no commitment by or legal requirement of the Developer (defined herein), or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any home builder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any land owner’s right to sell its land. Therefore, the District can make no representation about the profitability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and result in higher tax rates. See “DEVELOPMENT WITHIN THE DISTRICT” and “DEVELOPER/PRINCIPAL LANDOWNER.”

Maximum Impact on District Tax Rate: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners to pay their taxes. The 2023 Taxable Assessed Valuation of property within the District is \$560,958,048 as of January 1, 2023. After issuance of the Bonds, the maximum annual debt service requirement will be \$3,133,020 (2040) and the average annual debt service requirement will be \$2,683,095 (2024 through 2047, inclusive). Assuming no increase or decrease from the 2023 Taxable Assessed Valuation, a tax rate of \$0.59 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$3,133,020 and a tax rate of \$0.51 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirements of \$2,683,095 (see “DISTRICT DEBT—Debt Service Requirements”). The District levied a 2023 tax rate of \$0.41 per \$100 of assessed valuation for maintenance and operations purposes and \$0.55 per \$100 of assessed valuation for debt service purposes.

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124

parts per billion (“ppb”) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

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

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

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

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

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

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (“CGP”), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The District’s stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the “Current Permit”) issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District’s inclusion in the MS4 Permit were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

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

Hurricane Harvey

The Houston area, including the District, experienced historic levels of rainfall and widespread flooding following landfall of Hurricane Harvey on August 25, 2017 and during Tropical Storm Imelda on September 19, 2019. While no facilities or homes had been built prior to Hurricane Harvey, according to the District’s engineer, Imelda did not cause damage to the District’s water, sanitary sewer and drainage facilities, and there was no interruption of water and sewer service in the District. Further, to the best knowledge of the District, there was no structural flooding or other material damage caused by Hurricane Harvey or Tropical Storm Imelda. The District is located near the Texas Gulf Coast and, as it has in the past, could be impacted by high winds and flooding caused by a hurricane, tornado, tropical storm, or other adverse weather event.

The District cannot predict the effect that additional extreme weather events may have upon the District and the Houston area. Additional extreme weather events have the potential to cause damage within the District and the Houston area generally could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region. See “TAXING PROCEDURES—Valuation of Property for Taxation.”

Inclement Weather

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 and the 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 and, therefore, the District’s ability to pay its obligations, including the Bonds, could be adversely impacted.

Overlapping Taxes

The District lies entirely within the boundaries of Fort Bend County Municipal Management District No. 1 (“FB MMD 1”). As of September 30, FB MMD 1 had \$65,355,000 in bonds outstanding. The debt service on bonds issued by FB MMD 1 is paid from ad valorem taxes, which taxes are in addition to taxes levied by the District. To compare the relative tax burden on property within the District as contrasted with the property located in other real estate developments, the tax rate of the District, FB MMD 1, and other taxing jurisdictions must be added. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated within the District will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. FB MMD 1 set a 2023 Tax Rate of \$0.45 per \$100 assessed valuation. Such combined rates are higher than tax rates presently being levied in utility districts in the general vicinity of the District. The District can make no representation that taxable property values in the District and FB MMD 1 will maintain value sufficient to support the continued payment of taxes by property owners. See “SELECTED FINANCIAL INFORMATION.”

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by difficulties in collecting ad valorem taxes. Under State law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by 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 proceedings 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 "TAX DATA—Estimated Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property after foreclosure). Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer.

Registered Owners' Remedies

The Bond Order does not provide for the appointment of a trustee to represent the interests of the Bondholders upon any failure of the District to perform in accordance with the terms of the Bond Order, or upon any other condition. Furthermore, the Bond Order does not establish specific events of default with respect to the Bonds and, under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the District to observe any covenant under the Bond Order. Subject to the holdings of several recent Texas Supreme Court cases discussed below, a registered owner of Bonds could seek a judgment against the District if a default occurred in the payment of principal of or interest on any such Bonds; however, such judgment could not be satisfied by execution against any property of the District. A registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the District to levy, assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as it becomes due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. In addition, the Texas Supreme Court has ruled that a waiver of sovereign immunity must be provided for by statute in clear and unambiguous language and that certain statutory language previously relied upon by lower courts to support a finding that sovereign immunity had been waived did not constitute a clear and unambiguous waiver of sovereign immunity. Neither the remedy of mandamus nor any other type of injunctive relief was considered in these recent Supreme Court cases; and, in general, State courts have held that a writ of mandamus may be issued to require a public official to perform ministerial acts that clearly pertain to their duties, such as a legal duty that leaves nothing to the exercise of discretion or judgment. State courts have also held that mandamus may be used to require a public official to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party, including the payment of monies due under a contract. The District is also eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bond holders of an entity which has sought protection under Chapter 9. Therefore, should the District avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Bond Order and the Bonds are qualified with respect to the customary rights of debtors relative to their creditors, including rights afforded to creditors under the Bankruptcy Code. See "THE BONDS - Registered Owners' Remedies."

Future Debt

Following the issuance of the Bonds, the District will have \$155,410,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing a waterworks, wastewater and storm drainage system and for refunding of such bonds authorized but unissued. The District reserves in the Bond Order the right to issue the remaining authorized but unissued bonds plus such additional bonds as may hereafter be authorized by voters in the District. In addition, the District has the right to issue obligations, other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow money for any valid public purpose. 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. See "DEVELOPMENT WITHIN THE DISTRICT."

Additionally, in the fourth quarter of 2023, the District anticipates that it will submit an application to the TCEQ for approval to issue its third series of unlimited tax bonds for the purpose of acquiring or constructing the Utility System. The principal amount of such bond application remains to be determined, however the District anticipates that it will issue such bonds in 2024, following receipt of approval of the bond application from the TCEQ.

After the issuance of the Bonds, the District will owe the Developers approximately \$26,160,000 for the existing facilities. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Competitive Nature of Houston Residential Market

The housing industry in the Houston, Texas area is very competitive, and the District can give no assurance that the building programs which are planned by the Developer will be continued or completed. The respective competitive positions of the Developer and any of the homebuilders are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Collection of Taxes

The District's ability to pay debt service on the Bonds may be adversely affected by its ability to collect ad valorem taxes. Under State law, the levy of ad valorem taxes by the District constitutes a lien on the property in favor of the District on a parity with the lien of all other state and local authorities. Such lien can be foreclosed in judicial proceedings. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) collection procedures, (b) a bankruptcy court's stay of a tax collection procedure against a taxpayer or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property including the taxpayer's right to redeem property for a specified period of time after foreclosure at the foreclosure sale price. See "TAXING PROCEDURES."

Marketability of the Bonds

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

Bankruptcy Limitation to Registered Owners' Rights

Subject to the requirements of State law, the District may voluntarily proceed under Chapter 9. Under State law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. The rights and remedies of the Bondholders could be adjusted in accordance with the confirmed plan of adjustment of the District's debt.

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 retroactively to the date of original issuance. See "LEGAL MATTERS" and "TAX MATTERS."

Bond Insurance

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

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

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

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

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

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

Approval of the Bonds

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

Changes in Tax Legislation

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

LEGAL MATTERS

Legal Opinions

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

In addition to serving as Bond Counsel, Coats Rose, P.C. also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid 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.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge and belief of the certifying officers, threatened against the District contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority of 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 titles of the then present officers of the Board.

No Material Adverse Change

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

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Coats Rose, P.C., Houston, Texas, 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 (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

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

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss

recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount Bond.

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

Collateral Federal Income Tax Consequences

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

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

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

Under section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation. Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

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.

NOT QUALIFIED TAX-EXEMPT OBLIGATIONS

The Bonds are **not** designated as "Qualified Tax-Exempt Obligations" for financial institutions.

NO MATERIAL ADVERSE CHANGE

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following covenants for the benefit of the holders of the Bonds. The District is required to observe these covenants for so long as it remains obligated to pay the Bonds. Under the covenants, the District will be obligated to provide certain updated financial information and operating data annually, as well as timely notice of specified events, to the Municipal Securities Rulemaking Board or any successor to its function as a repository (the "MSRB"), through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data via EMMA annually.

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

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

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of SEC Rule 15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. The term "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The information will be available to holders of Bonds at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if by only (1) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided. The District may also amend or repeal its continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of such rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

The District entered its first continuing disclosure undertaking in 2019. Since that time the District has not failed to materially comply with obligations under SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

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

The District's audited financial statements for the year ended December 31, 2022, were prepared by McGrath & Co. PLLC, and have been included herein as "APPENDIX A." McGrath & Co. PLLC, Certified Public Accountant, has consented to the publication of such financial statements in this Preliminary Official Statement.

Experts

The information contained in this Official Statement relating to development and the status of development within the District generally and, in particular, the information in the section captioned "THE DEVELOPER/PRINCIPAL LANDOWNER—The Developer" has been provided by the Developer and has been included herein in reliance upon the authority and knowledge of each such party concerning the matters described therein.

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

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations, analysis of the tax base and percentages of tax collections contained in the sections captioned "TAX DATA" has been provided by the FBCAD and the District's Tax Assessor/Collector, and has been included herein in reliance upon the authority of such parties as experts in the field of tax assessing and collecting.

Certification as to Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Initial Purchaser a certificate, executed by the President and Secretary of the Board of Directors of the District, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery, were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data, contained in this Official Statement, of or pertaining to entities other than the District, such statements and data have been obtained from sources which the District believes to be reliable, and the District has no reason to believe that they are untrue in any material respect.

Updating the Official Statement

If, subsequent to the date of the Official Statement to and including the date the Initial Purchaser is no longer required to provide and Official Statement to potential customers who request the same pursuant to SEC Rule 15c2-12 (the "Rule") (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from a nationally recognized repository but in no case less than 25 days after the "end of the underwriting period"), the District learns or is notified by the Initial Purchaser of any adverse event which causes any of the key representations in the Official Statement to be materially misleading, the District will promptly prepare and supply to the Initial Purchaser a supplement to the Official Statement which corrects such representation to the reasonable satisfaction of the Initial Purchaser. The obligation of the District to update or change the Official Statement will terminate when the District delivers the Bonds to the Initial Purchaser (the "end of the underwriting period" within the meaning of the Rule), unless the Initial Purchaser provides written notice the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation to update or change the Official Statement will extend for an additional period of time of 25 days after all of the Bonds have been sold to ultimate customers. In the event the Initial Purchaser provides written notice to the District that less than all of the Bonds have been sold to ultimate customers, the Initial Purchaser agrees to notify the District in writing following the occurrence of the "end of the underwriting period" as defined in the Rule.

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 134D as of the date specified on the first page hereof.

/s/ Robert Hernandez
President, Board of Directors
Fort Bend County Municipal Utility District No. 134D

ATTEST:

/s/ Crystal Harris
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 134D

APPENDIX A
FINANCIAL STATEMENTS OF THE DISTRICT

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 134D**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

December 31, 2022

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 134D
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 134D (the "District"), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 134D, as of December 31, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied

***Board of Directors
Fort Bend County Municipal Utility District No. 134D
Fort Bend County, Texas***

certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

WCG & Co, P.C.C.

Houston, Texas
May 5, 2023

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Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 134D
Management's Discussion and Analysis
December 31, 2022***

Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 134D (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2022. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

**Fort Bend County Municipal Utility District No. 134D
Management's Discussion and Analysis
December 31, 2022**

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at December 31, 2022, was negative \$4,817,974. A comparative summary of the District's overall financial position, as of December 31, 2022 and 2021, is as follows:

	2022	2021
Current and other assets	\$ 9,206,520	\$ 9,094,270
Capital assets	41,179,972	30,735,218
Total assets	<u>50,386,492</u>	<u>39,829,488</u>
Current liabilities	2,452,936	2,181,373
Long-term liabilities	47,863,555	40,082,296
Total liabilities	<u>50,316,491</u>	<u>42,263,669</u>
Total deferred inflows of resources	<u>4,887,975</u>	<u>3,537,436</u>
Net position		
Net investment in capital assets	(7,936,057)	(8,621,326)
Restricted	718,358	666,230
Unrestricted	2,399,725	1,983,479
Total net position	<u>\$ (4,817,974)</u>	<u>\$ (5,971,617)</u>

Fort Bend County Municipal Utility District No. 134D
Management's Discussion and Analysis
December 31, 2022

The total net position of the District increased during the current fiscal year by \$1,153,643. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2022</u>	<u>2021</u>
Revenues		
Services	\$ 1,253,404	\$ 851,746
Property taxes, penalties and interest	3,590,666	3,243,374
Other	1,208,708	832,313
Total revenues	<u>6,052,778</u>	<u>4,927,433</u>
Expenses		
Current service operations	2,987,429	1,938,564
Debt interest and fees	1,314,801	1,323,514
Developer interest		60,564
Debt issuance costs		236,242
Depreciation/amortization	596,905	536,460
Total expenses	<u>4,899,135</u>	<u>4,095,344</u>
Change in net position before other item	1,153,643	832,089
Other Item		
Purchased services true up		<u>73,317</u>
Change in net position	1,153,643	905,406
Net position, beginning of year	<u>(5,971,617)</u>	<u>(6,877,023)</u>
Net position, end of year	<u>\$ (4,817,974)</u>	<u>\$ (5,971,617)</u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of December 31, 2022, were \$3,619,636, which consists of \$2,458,455 in the General Fund, \$1,131,155 in the Debt Service Fund and \$30,026 in the Capital Projects Fund.

Fort Bend County Municipal Utility District No. 134D
Management's Discussion and Analysis
December 31, 2022

General Fund

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

	2022	2021
Total assets	<u>\$ 3,873,343</u>	<u>\$ 3,376,237</u>
Total liabilities	\$ 677,923	\$ 444,832
Total deferred inflows	736,965	886,117
Total fund balance	<u>2,458,455</u>	<u>2,045,288</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,873,343</u>	<u>\$ 3,376,237</u>

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

	2022	2021
Total revenues	\$ 3,339,702	\$ 2,374,524
Total expenditures	<u>(2,812,535)</u>	<u>(1,818,095)</u>
Revenues over expenditures	527,167	556,429
Other changes in fund balance	<u>(114,000)</u>	<u>(95,507)</u>
Net change in fund balance	<u>\$ 413,167</u>	<u>\$ 460,922</u>

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The 2021 levy was recognized as revenues in the 2022 fiscal year, while the 2020 levy was recognized in the 2021 fiscal year (to the extent that these amounts were collected). Property tax revenues increased from prior year because the District increased the maintenance and operations component of the levy and because assessed values increased from prior year.
- Water, sewer and regional water authority fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Revenues from providing fire protection services are based on the number of connections in the District and increases as the number of connections increases.
- Tap connection fees fluctuate with homebuilding activity within the District.

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Management's Discussion and Analysis
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Debt Service Fund

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

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 5,303,151</u>	<u>\$ 3,774,781</u>
Total liabilities	\$ -	\$ 7,498
Total deferred inflows	4,171,996	2,661,453
Total fund balance	<u>1,131,155</u>	<u>1,105,830</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 5,303,151</u>	<u>\$ 3,774,781</u>

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

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 2,690,981	\$ 2,551,171
Total expenditures	<u>(2,665,656)</u>	<u>(2,542,051)</u>
Revenues over expenditures	<u>\$ 25,325</u>	<u>\$ 9,120</u>

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

Capital Projects Fund

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

	<u>2022</u>	<u>2021</u>
Total assets	<u>\$ 30,026</u>	<u>\$ 1,943,252</u>
Total fund balance	<u>\$ 30,026</u>	<u>\$ 1,943,252</u>

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

	<u>2022</u>	<u>2021</u>
Total revenues	\$ 11,243	\$ 271
Total expenditures	<u>(2,038,469)</u>	<u>(1,409,683)</u>
Revenues under expenditures	(2,027,226)	(1,409,412)
Other changes in fund balance	114,000	3,023,824
Net change in fund balance	<u>\$ (1,913,226)</u>	<u>\$ 1,614,412</u>

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of bonds in prior fiscal years.

General Fund Budgetary Highlights

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

Since the District’s budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$320,589 greater than budgeted. The *Budgetary Comparison Schedule* on page 38 of this report provides variance information per financial statement line item.

Capital Assets

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

Fort Bend County Municipal Utility District No. 134D
Management's Discussion and Analysis
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Capital assets held by the District at December 31, 2022 and 2021 are summarized as follows:

	2022	2021
Capital assets not being depreciated		
Land and improvements	\$ 16,295,689	\$ 9,354,876
Construction in progress	1,452,126	
	<u>17,747,815</u>	<u>9,354,876</u>
Capital assets being depreciated/amortized		
Infrastructure	14,187,950	12,002,504
Interest in joint facilities	12,601,567	12,138,293
	<u>26,789,517</u>	<u>24,140,797</u>
Less accumulated depreciation/amortization		
Infrastructure	(1,711,888)	(1,396,601)
Interest in joint facilities	(1,645,472)	(1,363,854)
	<u>(3,357,360)</u>	<u>(2,760,455)</u>
Depreciable capital assets, net	<u>23,432,157</u>	<u>21,380,342</u>
Capital assets, net	<u>\$ 41,179,972</u>	<u>\$ 30,735,218</u>

Capital asset additions during the current year include Harvest Green drainage and mass grading, Phase 5 (Contracts 1 and 2) and the exercise of the purchase option for a leased wastewater treatment plant (interest in joint facilities). The District's construction in progress is for the construction of Harvest Green water plant no. 2.

Long-Term Debt and Related Liabilities

As of December 31, 2022, the District owes approximately \$9,213,555 to the developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of \$18,656,877 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

**Fort Bend County Municipal Utility District No. 134D
 Management’s Discussion and Analysis
 December 31, 2022**

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

Series	2022	2021
2017	\$ 9,410,000	\$ 9,695,000
2017A	8,295,000	8,600,000
2018	8,605,000	8,850,000
2019	7,220,000	7,480,000
2020	3,675,000	3,795,000
2021	2,790,000	2,855,000
	\$ 39,995,000	\$ 41,275,000

At December 31, 2022, the District had \$161,815,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and for the refunding of such bonds.

Next Year’s Budget

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

	2022 Actual	2023 Budget
Total revenues	\$ 3,339,702	\$ 2,891,090
Total expenditures	(2,812,535)	(2,542,040)
Revenues over expenditures	527,167	349,050
Other changes in fund balance	(114,000)	
Net change in fund balance	413,167	349,050
Beginning fund balance	2,045,288	2,458,455
Ending fund balance	\$ 2,458,455	\$ 2,807,505

Property Taxes

The District’s property tax base increased approximately \$135,266,000 for the 2022 tax year from \$353,531,943 to \$488,797,495. This increase was primarily due to new construction in the District and increased property values. For the 2022 tax year, the District has levied a maintenance tax rate of \$0.15 per \$100 of assessed value and a debt service tax rate of \$0.85 per \$100 of assessed value, for a total combined tax rate of \$1.00 per \$100 of assessed value. Tax rates for the 2021 tax year were \$0.25 per \$100 for maintenance and operations and \$0.75 per \$100 for debt service for a combined total of \$1.00 per \$100 of assessed value.

Basic Financial Statements

Fort Bend County Municipal Utility District No. 134D
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 614,754	\$ 561,837	\$ 69,164	\$ 1,245,755	\$ -	\$ 1,245,755
Investments	1,932,855	1,088,105	1,331	3,022,291		3,022,291
Taxes receivable	660,111	3,736,485		4,396,596		4,396,596
Customer service receivables	169,656			169,656		169,656
Other receivable	26,995			26,995		26,995
Internal balances	130,049	(83,276)	(46,773)			
Due from other governments	66,612			66,612		66,612
Operating reserve	267,453			267,453		267,453
Prepaid items	4,858		6,304	11,162		11,162
Capital assets not being depreciated					17,747,815	17,747,815
Capital assets, net					23,432,157	23,432,157
Total Assets	\$ 3,873,343	\$ 5,303,151	\$ 30,026	\$ 9,206,520	41,179,972	50,386,492
Liabilities						
Accounts payable	\$ 402,905	\$ -	\$ -	\$ 402,905		402,905
Other payables	5,317			5,317		5,317
Customer deposits	130,725			130,725		130,725
Unearned revenue	138,976			138,976		138,976
Accrued interest payable					430,013	430,013
Due to developer					9,213,555	9,213,555
Long-term debt						
Due within one year					1,345,000	1,345,000
Due after one year					38,650,000	38,650,000
Total Liabilities	677,923			677,923	49,638,568	50,316,491
Deferred Inflows of Resources						
Deferred property taxes	736,965	4,171,996		4,908,961	(20,986)	4,887,975
Fund Balances/Net Position						
Fund Balances						
Nonspendable	272,311		6,304	278,615	(278,615)	
Restricted		1,131,155	23,722	1,154,877	(1,154,877)	
Unassigned	2,186,144			2,186,144	(2,186,144)	
Total Fund Balances	2,458,455	1,131,155	30,026	3,619,636	(3,619,636)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,873,343	\$ 5,303,151	\$ 30,026	\$ 9,206,520		
Net Position						
Net investment in capital assets					(7,936,057)	(7,936,057)
Restricted for debt service					718,358	718,358
Unrestricted					2,399,725	2,399,725
Total Net Position					\$ (4,817,974)	\$ (4,817,974)

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 134D
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	\$ 237,738	\$ -	\$ -	\$ 237,738	\$ -	\$ 237,738
Sewer service	617,543			617,543		617,543
Fire service	245,388			245,388		245,388
Security service	152,735			152,735		152,735
Property taxes	881,819	2,645,454		3,527,273	8,046	3,535,319
Penalties and interest	32,747	19,794		52,541	2,806	55,347
Participant billings	126,820			126,820		126,820
Tap connection and inspection	105,875			105,875		105,875
Regional water authority fees	861,018			861,018		861,018
Miscellaneous	40,904			40,904		40,904
Investment earnings	37,115	25,733	11,243	74,091		74,091
Total Revenues	3,339,702	2,690,981	11,243	6,041,926	10,852	6,052,778
Expenditures/Expenses						
Current service operations						
Purchased services	1,233,141			1,233,141		1,233,141
Professional fees	143,642		46,773	190,415		190,415
Contracted services	791,986	49,196		841,182		841,182
Repairs and maintenance	406,759			406,759		406,759
Utilities	20,805			20,805		20,805
Joint facilities lease	150,289		75,651	225,940		225,940
Administrative	32,483	1,982		34,465		34,465
Other	33,430	647	645	34,722		34,722
Capital outlay			1,915,400	1,915,400	(1,915,400)	
Debt service						
Principal		1,280,000		1,280,000	(1,280,000)	
Interest and fees		1,333,831		1,333,831	(19,030)	1,314,801
Depreciation/amortization					596,905	596,905
Total Expenditures/Expenses	2,812,535	2,665,656	2,038,469	7,516,660	(2,617,525)	4,899,135
Revenues Over/(Under)						
Expenditures/Expenses	527,167	25,325	(2,027,226)	(1,474,734)	2,628,377	1,153,643
Other Financing Sources/(Uses)						
Internal transfers	(114,000)		114,000			
Net Change in Fund Balances	413,167	25,325	(1,913,226)	(1,474,734)	1,474,734	
Change in Net Position					1,153,643	1,153,643
Fund Balances/Net Position						
Beginning of the year	2,045,288	1,105,830	1,943,252	5,094,370	(11,065,987)	(5,971,617)
End of the year	\$ 2,458,455	\$ 1,131,155	\$ 30,026	\$ 3,619,636	\$ (8,437,610)	\$ (4,817,974)

See notes to basic financial statements.

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Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 134D (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established in accordance with Chapter 1342, Acts of the 77th Legislature, Regular Session, 2001, by that certain order dividing Fort Bend County Municipal Utility District No. 134A into three districts: the District, Fort Bend County Municipal Utility District No. 134A, and Fort Bend County Municipal Utility District No. 134E, dated February 13, 2015, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on February 20, 2015 and the first bonds were issued on February 9, 2017.

The District’s primary activities include construction, maintenance and operation of water, sewer, and drainage facilities. Pursuant to that Infrastructure Agreement effective May 20, 2015, Fort Bend County Municipal Management District No. 1 is responsible for providing roads and recreational facilities to serve the land within its boundaries, which includes land that is also located within the District’s boundaries. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

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

Interfund Activity

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

Capital Assets

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

Assets	Useful Life
Infrastructure	45 years
Interest in joint facilities	45 years

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

Deferred Inflows and Outflows of Financial Resources

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

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

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and operating reserves paid to Fort Bend County Municipal Utility District No. 134E for the joint wastewater treatment plant and joint water plant facilities. See Note 9 for additional information.

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		\$ 3,619,636
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
Historical cost	\$ 44,537,332	
Less accumulated depreciation/amortization	<u>(3,357,360)</u>	
Change due to capital assets		41,179,972
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:</p>		
Bonds payable, net	(39,995,000)	
Interest payable on bonds	<u>(430,013)</u>	
Change due to long-term debt		(40,425,013)
<p>Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i>.</p>		
		(9,213,555)
<p>Deferred inflows in the fund statements consist of the unavailable portion of property taxes receivable and collections of the 2022 levy. In the government wide statements, however, deferred inflows consist of the entire 2022 property tax levy.</p>		
Fund level deferred property taxes	4,908,961	
Government wide level deferred property taxes	<u>(4,887,975)</u>	
		20,986
Total net position - governmental activities		<u><u>\$ (4,817,974)</u></u>

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

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

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

Net change in fund balances - total governmental funds	\$	(1,474,734)
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Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and penalties and interest.

		10,852
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Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities*, the cost of capital assets is charged to expense over the estimated useful life of the asset.

Capital outlays	\$ 1,915,400		
Depreciation/amortization expense	(596,905)		
			1,318,495

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.

Principal payments	1,280,000		
Interest expense accrual	19,030		
			1,299,030

Change in net position of governmental activities	\$	1,153,643
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Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 3 – Deposits and Investments (continued)

Investments

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

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

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

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	\$ 1,932,855	AAAm	15 days
	Debt Service	1,088,105		
	Capital Projects	1,331		
		<u>\$ 3,022,291</u>		

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 3 – Deposits and Investments (continued)

TexPool (continued)

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District’s position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 83,276	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	46,773	Bond application fees paid by the General Fund

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

During the current year, the General Fund transferred \$114,000 to the Capital Projects Fund to reimburse lease expenditures paid in a prior year.

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 5 – Capital Assets

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

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 9,354,876	\$ 6,940,813	\$ 16,295,689
Construction in progress		1,452,126	1,452,126
	<u>9,354,876</u>	<u>8,392,939</u>	<u>17,747,815</u>
Capital assets being depreciated/amortized			
Infrastructure	12,002,504	2,185,446	14,187,950
Interest in joint facilities	12,138,293	463,274	12,601,567
	<u>24,140,797</u>	<u>2,648,720</u>	<u>26,789,517</u>
Less accumulated depreciation/amortization			
Infrastructure	(1,396,601)	(315,287)	(1,711,888)
Interest in joint facilities	(1,363,854)	(281,618)	(1,645,472)
	<u>(2,760,455)</u>	<u>(596,905)</u>	<u>(3,357,360)</u>
Subtotal depreciable capital assets, net	<u>21,380,342</u>	<u>2,051,815</u>	<u>23,432,157</u>
Capital assets, net	<u>\$ 30,735,218</u>	<u>\$ 10,444,754</u>	<u>\$ 41,179,972</u>

Depreciation and amortization expense for the current year was \$596,905.

Note 6 – Due to Developer

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

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

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

Due to developer, beginning of year	\$ 87,296
Developer funded construction	9,126,259
Due to developer, end of year	<u>\$ 9,213,555</u>

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 6 – Due to Developer (continued)

In addition, the District will owe the developer approximately \$18,656,877, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage Complete
Harvest Green, Section 34 *	\$ 352,000	75%
Harvest Green, Section 35 *	1,368,100	98%
Harvest Green, Section 36 and 37 *	1,996,075	62%
Harvest Green, Section 38	1,708,301	0%
Harvest Green, Section 39	2,596,896	20%
Harvest Green, Section 40	2,989,352	55%
Harvest Green, Section 41	1,918,843	95%
Harvest Home Drive *	4,870,165	78%
Harvest Green Lift Station No. 4, Phase 1	857,145	0%
	<u>\$ 18,656,877</u>	

*District's portion of contract

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	<u>\$ 39,995,000</u>
Due within one year	<u>\$ 1,345,000</u>

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 7 – Long-Term Debt (continued)

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

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2017	\$ 9,410,000	\$ 10,485,000	2.00% - 4.20%	September 1, 2019/2042	March 1, September 1	September 1, 2024
2017A	8,295,000	9,465,000	3.00% - 4.00%	September 1, 2019/2042	March 1, September 1	September 1, 2025
2018	8,605,000	9,525,000	3.00% - 5.50%	September 1, 2019/2043	March 1, September 1	September 1, 2023
2019	7,220,000	7,945,000	2.00% - 4.00%	September 1, 2020/2044	March 1, September 1	September 1, 2024
2020	3,675,000	3,910,000	2.00% - 3.00%	September 1, 2021/2045	March 1, September 1	September 1, 2025
2021	2,790,000	2,855,000	2.00% - 2.25%	September 1, 2022/2046	March 1, September 1	September 1, 2026
	<u>\$ 39,995,000</u>					

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

At December 31, 2022, the District had authorized but unissued bonds in the amount of \$161,815,000 for water, sewer and drainage facilities and for the refunding of such bonds.

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

Bonds payable, beginning of year	\$ 41,275,000
Bonds retired	(1,280,000)
Bonds payable, end of year	<u>\$ 39,995,000</u>

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 7 – Long-Term Debt (continued)

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

Year	Principal	Interest	Totals
2023	\$ 1,345,000	\$ 1,279,376	\$ 2,624,376
2024	1,400,000	1,229,001	2,629,001
2025	1,445,000	1,182,250	2,627,250
2026	1,485,000	1,144,000	2,629,000
2027	1,530,000	1,103,788	2,633,788
2028	1,575,000	1,061,038	2,636,038
2029	1,620,000	1,016,452	2,636,452
2030	1,670,000	969,727	2,639,727
2031	1,725,000	919,413	2,644,413
2032	1,780,000	865,976	2,645,976
2033	1,840,000	810,738	2,650,738
2034	1,900,000	751,263	2,651,263
2035	1,965,000	689,738	2,654,738
2036	2,035,000	624,914	2,659,914
2037	2,110,000	557,734	2,667,734
2038	2,180,000	487,221	2,667,221
2039	2,255,000	412,714	2,667,714
2040	2,340,000	335,520	2,675,520
2041	2,425,000	254,049	2,679,049
2042	2,510,000	168,842	2,678,842
2043	1,440,000	80,437	1,520,437
2044	855,000	35,438	890,438
2045	405,000	12,713	417,713
2046	160,000	3,600	163,600
	<u>\$ 39,995,000</u>	<u>\$ 15,995,942</u>	<u>\$ 55,990,942</u>

Note 8 – Property Taxes

On May 15, 2015, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 8 – Property Taxes (continued)

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2022 fiscal year was financed through the 2021 tax levy, pursuant to which the District levied property taxes of \$1.00 per \$100 of assessed value, of which \$0.25 was allocated to maintenance and operations and \$0.75 was allocated to debt service. The resulting tax levy was \$3,535,319 on the adjusted taxable value of \$353,531,943.

Property taxes levied each October are intended to finance the next fiscal year and are, therefore, not considered available for the District’s use during the current fiscal year. Consequently, 2022 levy collections in the amount of \$512,366 have been included with deferred property taxes and are recorded as deferred inflows of resources on the *Governmental Funds Balance Sheet*. On the government-wide *Statement of Net Position*, the full 2022 tax levy of \$4,887,975 is reported as deferred inflows. These amounts will be recognized as revenue in 2023.

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

Current year taxes receivable	\$	4,375,609
Prior years taxes receivable		16,005
		4,391,614
Penalty and interest receivable		4,982
Total property taxes receivable	\$	4,396,596

Note 9 – Agreements with Fort Bend County Municipal Utility District No. 134E

Agreement for Joint Financing, Construction and Maintenance of Water Line, Sewer Line, and Storm Sewer Facilities

On April 20, 2016, the District and Fort Bend County Municipal Utility District No. 134E (“MUD 134E”) entered into a Joint Facilities Agreement, whereby each district agrees to share the cost of financing and operating joint water lines, sewer lines, and storm sewer facilities to serve both districts. MUD 134E holds beneficial title to these joint facilities with each district owning an equitable prorate share of the facilities. MUD 134E will be responsible for the maintenance and operation of the facilities and will bill the District for maintenance and operating costs for its pro-rata share.

Each district will finance, own and operate their respective internal water, sanitary sewer and storm sewer systems.

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 9 – Agreements with Fort Bend County Municipal Utility District No. 134E (continued)

Waste Disposal Agreement

On April 20, 2016, the District and MUD 134E entered into an agreement for the lease, construction, ownership, operation, maintenance and eventual expansion of wastewater treatment facilities to serve both districts. The cost of designing and constructing each phase of these facilities is allocated between the District and MUD 134E based on each district's pro-rata share of equivalent single-family connections. MUD 134E holds beneficial title to the joint wastewater treatment facilities, with both the District and 134E having an undivided, equitable interest. The District owns 100% of capacity in phase I and 43.18% of capacity in phase II, while MUD 134E owns 56.82% of the capacity in phase II. The District's pro-rata share of the capacity in the entire plant is 71.59% and MUD 134E's share is 28.41%. Each District is solely responsible for the internal collection systems necessary to deliver waste to the wastewater treatment plant.

MUD 134E is responsible for the operation and maintenance of the wastewater treatment plant and created a Joint Wastewater Treatment Plant Fund to account for associated costs and for billing participants for those costs. Operating and maintenance costs are allocated based on each district's pro-rata share of capacity in the entire plant. In order to provide liquidity, an operating reserve was established based on three months of budgeted operating expenses. The District paid \$74,404 toward the operating reserve. During the year, the District was billed \$285,640 for operation and maintenance costs.

MUD 134E has executed lease agreements for interim wastewater treatment plants. Lease payments are allocated between the District and MUD 134E on a pro-rata basis. During the current year, the District recorded lease contributions of \$225,940 for the District's pro rata share of monthly lease payments.

Water Supply Contract

On April 20, 2016, the District and MUD 134E entered into an agreement for the construction, ownership, operation, maintenance and expansion of a water plant to serve both districts. During the previous fiscal year, the District and MUD 134E completed the construction of a joint water plant to provide a permanent source of water supply to the residents and customers of both districts. Each district is solely responsible for the internal water distribution systems necessary to deliver water from the water plants to customer within their respective district.

MUD 134E shall hold beneficial title to the joint water plant, with both the District and MUD 134E having an undivided, equitable interest. During the previous fiscal year, the District and MUD 134E approved the Addendum to Water Supply Contract which changed the ownership capacity of each participant. As of December 31, 2022, the District's pro-rata share of the capacity of plant is 63.3% and MUD 134E's share is 36.7%.

Fort Bend County Municipal Utility District No. 134D
Notes to Financial Statements
December 31, 2022

Note 9 – Agreements with Fort Bend County Municipal Utility District No. 134E (continued)

MUD 134E is responsible for the operation and maintenance of the water plant and created a Joint Water Plant Fund to account for associated costs and for billing participants for those costs. Operating and maintenance costs are allocated based on each district's pro-rata share of capacity in the entire plant. In order to provide liquidity, an operating reserve was established based on three months of budgeted operating expenses. The District paid \$193,049 toward the operating reserve. During the current fiscal year, the District recorded expenditures of \$947,501 for its share of operation and maintenance costs.

Cost Sharing Agreement for Law Enforcement Services

On April 1, 2018, the District entered in a Cost Sharing Agreement for Law Enforcement Services with MUD 134E for the purpose of providing security services by Fort Bend County to both districts. The agreement was amended and restated on October 1, 2021 and will expire on September 30, 2022. The agreement may be terminated by either party with 30 days written notice. For the current year, the District received \$126,820 for security services from MUD 134E. See Note 10 for additional information.

Note 10 – Security Agreement

On October 1, 2019, the District entered into an Interlocal Agreement for Additional Law Enforcement Services for the purpose of providing security services to the District. The agreement was amended and restated on October 1, 2021 and will expire on September 30, 2022. The agreement may be terminated by either party with 30 days written notice. If the agreement expires before a new agreement is executed, services will continue on a month-to-month basis. The billing rate is amended annually based on the County's constable budget. For the current year, the District paid \$238,990 for security services and billed its customers \$152,735 related to these services.

Note 11 – Emergency Water Supply Agreement

On June 25, 2019, the District, MUD 134E and PG MUD entered into an agreement in which each District agreed to temporarily supply water to the other Districts in the event of an emergency at a rate of \$1.00 per 1,000 gallons of water delivered plus any North Fort Bend Water Authority (the "Authority") fees imposed on the supplying District. However, if the supplying District has converted in whole or in part to surface water, the rate per thousand gallons shall be equal to the then current surface water fee charged by the Authority.

Note 12 – Fire Protection Agreement with Pecan Grove Volunteer Fire Department

On November 4, 2016, subsequently amended September 1, 2022, the District entered into an agreement with Pecan Grove Volunteer Fire Department (“PGVFD”). As part of the agreement, PGVFD will provide fire and rescue services to certain areas within the District in return for a payment of monthly fire protection fees. Fire protection fees paid to PGVFD was \$13.55 per month for each ESFC for services rendered through September 30, 2021. The amended agreement increased the monthly fee to \$16.85 for each ESFC. The agreement is effective fifteen years from the effective date and automatically renews for successive one-year terms. Either party may terminate the agreement by giving 120 days written notice. During the current year, the District paid \$218,791 to PGVFD for fire protection services and billed its customers \$245,388.

Note 13 – Risk Management

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

Note 14 – Subsequent Event

On April 13, 2013, the District issued its \$2,240,000 Series 2023 Bond Anticipation Note (BAN). Proceeds from the BAN were used to reimburse the District’s developer for operating advances and infrastructure improvements in the District.

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Required Supplementary Information

*Fort Bend County Municipal Utility District No. 134D
 Required Supplementary Information - Budgetary Comparison Schedule - General Fund
 For the Year Ended December 31, 2022*

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	\$ 179,000	\$ 237,738	\$ 58,738
Sewer service	470,000	617,543	147,543
Fire service	161,000	245,388	84,388
Security service	108,500	152,735	44,235
Property taxes	731,200	881,819	150,619
Penalties and interest	16,000	32,747	16,747
Participant billings	124,500	126,820	2,320
Tap connection and inspection	70,200	105,875	35,675
Regional Water Authority fees	600,000	861,018	261,018
Miscellaneous	11,500	40,904	29,404
Investment earnings	500	37,115	36,615
Total Revenues	<u>2,472,400</u>	<u>3,339,702</u>	<u>867,302</u>
Expenditures			
Current service operations			
Purchased services	995,407	1,233,141	(237,734)
Professional fees	97,000	143,642	(46,642)
Contracted services	677,800	791,986	(114,186)
Repairs and maintenance	382,800	406,759	(23,959)
Utilities	17,000	20,805	(3,805)
Joint facilities lease	155,146	150,289	4,857
Administrative	36,669	32,483	4,186
Other	18,000	33,430	(15,430)
Total Expenditures	<u>2,379,822</u>	<u>2,812,535</u>	<u>(432,713)</u>
Revenues Over Expenditures	92,578	527,167	434,589
Other Financing Uses			
Internal transfers		(114,000)	(114,000)
Net Change in Fund Balance	92,578	413,167	320,589
Fund Balance			
Beginning of the year	2,045,288	2,045,288	
End of the year	<u>\$ 2,137,866</u>	<u>\$ 2,458,455</u>	<u>\$ 320,589</u>

Fort Bend County Municipal Utility District No. 134D
Notes to Required Supplementary Information
December 31, 2022

Budgets and Budgetary Accounting

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

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 134D
TSI-1. Services and Rates
December 31, 2022

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

- | | | | |
|---|---|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input checked="" type="checkbox"/> Solid Waste/Garbage | <input checked="" type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input checked="" type="checkbox"/> Fire Protection | <input type="checkbox"/> Roads | <input type="checkbox"/> Security |
| <input type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | | |
| <input type="checkbox"/> Other (Specify): _____ | | | |

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y/N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>	
Water:	\$ 10.29	10,000	N	\$ 0.60	10,001 to	15,000
				\$ 0.80	15,001 to	20,000
				\$ 1.10	20,001 to	25,000
				\$ 1.40	25,001 to	30,000
				\$ 2.50	30,001 to	unlimited
Wastewater:	\$ 25.00	-0-	Y			to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 10.29 Wastewater \$ 25.00

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered			x 1.0	
less than 3/4"	728	726	x 1.0	726
1"	211	209	x 2.5	523
1.5"	1	1	x 5.0	5
2"	35	35	x 8.0	280
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"	3	3	x 80.0	240
10"			x 115.0	
Total Water	978	974		1,774
Total Wastewater	911	908	x 1.0	908

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-1. Services and Rates
December 31, 2022

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

*Gallons purchased:	<u>159,678,000</u>	Water Accountability Ratio:
		(Gallons billed/Gallons pumped)
Gallons billed to customers:	<u>159,678,000</u>	<u>100.00%</u>

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

Does the District have Debt Service standby fees? Yes No

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes No

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

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

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

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

Entirely Partly Not at all

ETJs in which the District is located: City of Houston

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

If Yes, by whom? _____

*Purchased from Pecan Grove Municipal Utility District and Fort Bend County MUD 134E

See accompanying auditor's report.

*Fort Bend County Municipal Utility District No. 134D
 TSI-2 General Fund Expenditures
 For the Year Ended December 31, 2022*

Purchased services	
Water	\$ 947,501
Sewer	285,640
	<u>1,233,141</u>
Professional fees	
Legal	78,948
Audit	13,000
Engineering	51,694
	<u>143,642</u>
Contracted services	
Bookkeeping	19,179
Garbage	206,756
Operator	29,090
Fire service	218,791
Security	238,990
Tap connection and inspection	79,180
	<u>791,986</u>
Repairs and maintenance	<u>406,759</u>
Utilities	<u>20,805</u>
Joint facilities lease	<u>150,289</u>
Administrative	
Directors fees	8,561
Printing and office supplies	9,140
Other	8,285
	<u>32,483</u>
Other	<u>33,430</u>
Total expenditures	<u><u>\$ 2,812,535</u></u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-3. Investments
December 31, 2022

<u>Fund</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
General			
TexPool	Variable	N/A	\$ 1,932,855
Debt Service			
TexPool	Variable	N/A	1,088,105
Capital Projects			
TexPool	Variable	N/A	<u>1,331</u>
Total - All Funds			<u><u>\$ 3,022,291</u></u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-4. Taxes Levied and Receivable
December 31, 2022

	Maintenance Taxes	Debt Service Taxes	Totals	
Taxes Receivable, Beginning of Year	\$ 784,497	\$ 2,354,419	\$ 3,138,916	
Adjustments to Prior Year Tax Levy	(528)	(1,588)	(2,116)	
Adjusted Receivable	783,969	2,352,831	3,136,800	
2022 Original Tax Levy	720,892	4,085,056	4,805,948	
Adjustments	12,304	69,723	82,027	
Adjusted Tax Levy	733,196	4,154,779	4,887,975	
Total to be accounted for	1,517,165	6,507,610	8,024,775	
Tax collections:				
Current year	76,855	435,511	512,366	
Prior years	780,199	2,340,596	3,120,795	
Total Collections	857,054	2,776,107	3,633,161	
Taxes Receivable, End of Year	\$ 660,111	\$ 3,731,503	\$ 4,391,614	
Taxes Receivable, By Years				
2022	\$ 656,341	\$ 3,719,268	\$ 4,375,609	
2021	2,012	6,035	8,047	
2020	1,066	4,010	5,076	
2019	692	2,190	2,882	
Taxes Receivable, End of Year	\$ 660,111	\$ 3,731,503	\$ 4,391,614	
	2022	2021	2020	2019
Property Valuations:				
Land	\$ 91,621,505	\$ 77,979,891	\$ 70,679,590	\$ 69,782,077
Improvements	430,245,989	304,768,101	280,409,834	255,095,329
Personal Property	1,511,390	1,731,940	1,299,550	869,530
Exemptions	(34,581,389)	(30,947,989)	(30,436,800)	(20,952,714)
Total Property Valuations	\$ 488,797,495	\$ 353,531,943	\$ 321,952,174	\$ 304,794,222
Tax Rates per \$100 Valuation:				
Maintenance tax rates	\$ 0.15	\$ 0.25	\$ 0.21	\$ 0.24
Debt service tax rates	0.85	0.75	0.79	0.76
Total Tax Rates per \$100 Valuation	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Adjusted Tax Levy:	\$ 4,887,975	\$ 3,535,319	\$ 3,219,522	\$ 3,047,942
Percentage of Taxes Collected to Taxes Levied **	10.48%	99.77%	99.84%	99.91%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on 5/15/15

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

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 300,000	\$ 360,026	\$ 660,026
2024	315,000	351,026	666,026
2025	330,000	341,576	671,576
2026	345,000	331,676	676,676
2027	360,000	320,464	680,464
2028	375,000	308,314	683,314
2029	390,000	295,190	685,190
2030	410,000	281,540	691,540
2031	425,000	266,676	691,676
2032	445,000	250,739	695,739
2033	465,000	234,051	699,051
2034	485,000	215,451	700,451
2035	510,000	196,051	706,051
2036	530,000	175,651	705,651
2037	555,000	154,451	709,451
2038	580,000	132,251	712,251
2039	605,000	108,326	713,326
2040	635,000	83,370	718,370
2041	660,000	56,700	716,700
2042	690,000	28,980	718,980
	<u>\$ 9,410,000</u>	<u>\$ 4,492,509</u>	<u>\$ 13,902,509</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
Series 2017A--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 310,000	\$ 271,356	\$ 581,356
2024	315,000	258,956	573,956
2025	325,000	246,356	571,356
2026	330,000	236,606	566,606
2027	340,000	226,706	566,706
2028	350,000	216,506	566,506
2029	365,000	206,006	571,006
2030	370,000	195,056	565,056
2031	385,000	183,956	568,956
2032	400,000	172,406	572,406
2033	410,000	160,406	570,406
2034	425,000	147,594	572,594
2035	435,000	134,313	569,313
2036	455,000	120,175	575,175
2037	470,000	105,388	575,388
2038	485,000	90,113	575,113
2039	505,000	73,745	578,745
2040	520,000	56,700	576,700
2041	540,000	38,500	578,500
2042	560,000	19,600	579,600
	<u>\$ 8,295,000</u>	<u>\$ 3,160,444</u>	<u>\$ 11,455,444</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 255,000	\$ 304,975	\$ 559,975
2024	265,000	290,950	555,950
2025	280,000	277,700	557,700
2026	290,000	269,300	559,300
2027	305,000	260,600	565,600
2028	320,000	251,450	571,450
2029	330,000	241,850	571,850
2030	345,000	231,950	576,950
2031	360,000	221,600	581,600
2032	380,000	209,900	589,900
2033	395,000	197,550	592,550
2034	415,000	184,219	599,219
2035	430,000	170,213	600,213
2036	450,000	155,163	605,163
2037	470,000	139,413	609,413
2038	495,000	122,375	617,375
2039	515,000	104,431	619,431
2040	540,000	85,762	625,762
2041	560,000	66,187	626,187
2042	590,000	45,187	635,187
2043	615,000	23,062	638,062
	<u>\$ 8,605,000</u>	<u>\$ 3,853,837</u>	<u>\$ 12,458,837</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 270,000	\$ 203,088	\$ 473,088
2024	285,000	193,638	478,638
2025	295,000	187,937	482,937
2026	300,000	182,037	482,037
2027	300,000	176,037	476,037
2028	305,000	169,287	474,287
2029	305,000	162,425	467,425
2030	310,000	154,800	464,800
2031	315,000	145,500	460,500
2032	310,000	136,050	446,050
2033	315,000	126,750	441,750
2034	315,000	117,300	432,300
2035	325,000	107,850	432,850
2036	325,000	98,100	423,100
2037	330,000	88,350	418,350
2038	330,000	78,450	408,450
2039	335,000	68,550	403,550
2040	335,000	58,500	393,500
2041	350,000	48,450	398,450
2042	350,000	37,950	387,950
2043	450,000	27,450	477,450
2044	465,000	13,950	478,950
	<u>\$ 7,220,000</u>	<u>\$ 2,582,449</u>	<u>\$ 9,802,449</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
December 31, 2022

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2023	\$ 130,000	\$ 81,250	\$ 211,250
2024	135,000	77,350	212,350
2025	130,000	73,300	203,300
2026	130,000	70,700	200,700
2027	135,000	68,100	203,100
2028	130,000	65,400	195,400
2029	135,000	62,800	197,800
2030	135,000	60,100	195,100
2031	135,000	57,400	192,400
2032	140,000	54,700	194,700
2033	145,000	51,900	196,900
2034	150,000	48,818	198,818
2035	150,000	45,630	195,630
2036	155,000	42,444	197,444
2037	160,000	39,150	199,150
2038	165,000	35,550	200,550
2039	165,000	31,837	196,837
2040	175,000	28,125	203,125
2041	175,000	24,187	199,187
2042	180,000	20,250	200,250
2043	230,000	16,200	246,200
2044	240,000	11,025	251,025
2045	250,000	5,625	255,625
	<u>\$ 3,675,000</u>	<u>\$ 1,071,841</u>	<u>\$ 4,746,841</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 80,000	\$ 58,681	\$ 138,681
2024	85,000	57,081	142,081
2025	85,000	55,381	140,381
2026	90,000	53,681	143,681
2027	90,000	51,881	141,881
2028	95,000	50,081	145,081
2029	95,000	48,181	143,181
2030	100,000	46,281	146,281
2031	105,000	44,281	149,281
2032	105,000	42,181	147,181
2033	110,000	40,081	150,081
2034	110,000	37,881	147,881
2035	115,000	35,681	150,681
2036	120,000	33,381	153,381
2037	125,000	30,982	155,982
2038	125,000	28,482	153,482
2039	130,000	25,825	155,825
2040	135,000	23,063	158,063
2041	140,000	20,025	160,025
2042	140,000	16,875	156,875
2043	145,000	13,725	158,725
2044	150,000	10,463	160,463
2045	155,000	7,088	162,088
2046	160,000	3,600	163,600
	<u>\$ 2,790,000</u>	<u>\$ 834,862</u>	<u>\$ 3,624,862</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
December 31, 2022

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2023	\$ 1,345,000	\$ 1,279,376	\$ 2,624,376
2024	1,400,000	1,229,001	2,629,001
2025	1,445,000	1,182,250	2,627,250
2026	1,485,000	1,144,000	2,629,000
2027	1,530,000	1,103,788	2,633,788
2028	1,575,000	1,061,038	2,636,038
2029	1,620,000	1,016,452	2,636,452
2030	1,670,000	969,727	2,639,727
2031	1,725,000	919,413	2,644,413
2032	1,780,000	865,976	2,645,976
2033	1,840,000	810,738	2,650,738
2034	1,900,000	751,263	2,651,263
2035	1,965,000	689,738	2,654,738
2036	2,035,000	624,914	2,659,914
2037	2,110,000	557,734	2,667,734
2038	2,180,000	487,221	2,667,221
2039	2,255,000	412,714	2,667,714
2040	2,340,000	335,520	2,675,520
2041	2,425,000	254,049	2,679,049
2042	2,510,000	168,842	2,678,842
2043	1,440,000	80,437	1,520,437
2044	855,000	35,438	890,438
2045	405,000	12,713	417,713
2046	160,000	3,600	163,600
	<u>\$ 39,995,000</u>	<u>\$ 15,995,942</u>	<u>\$ 55,990,942</u>

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 134D
TSI-6. Change in Long-Term Bonded Debt
December 31, 2022

	Bond Issue			
	Series 2017	Series 2017A	Series 2018	Series 2019
Interest rate	2.00% - 4.20%	3.00% - 4.00%	3.00% - 5.50%	2.00% - 4.00%
Dates interest payable	3/1; 9/1	3/1; 9/1	3/1; 9/1	3/1; 9/1
Maturity dates	9/1/19 - 9/1/42	9/1/19 - 9/1/42	9/1/19 - 9/1/43	9/1/20 - 9/1/44
Beginning bonds outstanding	\$ 9,695,000	\$ 8,600,000	\$ 8,850,000	\$ 7,480,000
Bonds retired	(285,000)	(305,000)	(245,000)	(260,000)
Ending bonds outstanding	<u>\$ 9,410,000</u>	<u>\$ 8,295,000</u>	<u>\$ 8,605,000</u>	<u>\$ 7,220,000</u>
Interest paid during fiscal year	<u>\$ 368,576</u>	<u>\$ 283,556</u>	<u>\$ 318,450</u>	<u>\$ 213,488</u>
Paying agent's name and city				
Series 2019 and 2020	Zions Bancorporation, National Association, Houston, Texas			
All other series	Amegy Bank, a division of ZB, N.A., Houston, Texas			

Bond Authority:	Water, Sewer, Drainage and Refunding Bonds
Amount Authorized by Voters	\$ 206,000,000
Amount Issued	(44,185,000)
Remaining To Be Issued	<u>\$ 161,815,000</u>

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

Debt Service Fund cash and investment balances as of December 31, 2022: \$ 1,649,942

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 2,332,956

See accompanying auditor's report.

Bond Issue		Totals
Series 2020	Series 2021	
2.00% - 3.00%	2.00% - 2.25%	
3/1; 9/1	3/1; 9/1	
9/1/21 -	9/1/22 -	
9/1/45	9/1/46	
\$ 3,795,000	\$ 2,855,000	\$ 41,275,000
(120,000)	(65,000)	(1,280,000)
\$ 3,675,000	\$ 2,790,000	\$ 39,995,000
\$ 84,850	\$ 69,978	\$ 1,338,898

Fort Bend County Municipal Utility District No. 134D
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Water service	\$ 237,738	\$ 144,315	\$ 177,035	\$ 449,727	\$ 475,470
Sewer service	617,543	465,366	466,985	451,060	388,165
Fire service	245,388	135,695	132,418	128,773	155,582
Security service	152,735	106,370	109,632	107,294	86,865
Property taxes	881,819	674,925	762,778	775,594	671,468
Penalties and interest	32,747	16,748	16,231	24,255	24,260
Participant billings	126,820	121,025	84,410	194,294	62,268
Tap connection and inspection	105,875	163,158	191,385	76,231	371,869
Regional Water Authority fees	861,018	535,389	721,604	127,163	
Miscellaneous	40,904	10,955			64,993
Investment earnings	37,115	578	6,472	19,976	11,147
Total Revenues	3,339,702	2,374,524	2,668,950	2,354,367	2,312,087
Expenditures					
Current service operations					
Purchased services	1,233,141	818,585	981,981	1,063,183	931,300
Professional fees	143,642	68,108	98,780	127,799	118,551
Contracted services	791,986	551,921	507,944	503,684	592,341
Repairs and maintenance	406,759	155,251	349,095	218,615	282,505
Utilities	20,805	15,443	17,529	12,742	53,697
Surface water				7,318	6,904
Joint facilities lease	150,289	161,200		69,347	25,217
Administrative	32,483	25,007	29,558	33,320	32,768
Other	33,430	22,580	5,570	15,610	7,244
Total Expenditures	2,812,535	1,818,095	1,990,457	2,051,618	2,050,527
Revenues Over Expenditures	\$ 527,167	\$ 556,429	\$ 678,493	\$ 302,749	\$ 261,560
Total Active Retail Water Connections	974	961	955	948	922
Total Active Retail Wastewater Connections	908	898	893	892	878

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018
7%	6%	7%	19%	21%
18%	20%	17%	19%	17%
7%	6%	5%	5%	7%
5%	4%	4%	5%	4%
28%	28%	29%	34%	28%
1%	1%	1%	1%	1%
4%	5%	3%	8%	3%
3%	7%	7%	3%	16%
26%	23%	27%	5%	
1%	*			3%
1%	*	*	1%	*
101%	100%	100%	100%	100%
37%	34%	37%	45%	40%
4%	3%	4%	5%	5%
24%	23%	19%	21%	26%
12%	7%	13%	9%	12%
1%	1%	1%	1%	2%
			*	*
5%	7%		3%	1%
1%	1%	1%	1%	1%
1%	1%	*	1%	*
85%	77%	75%	86%	87%
16%	23%	25%	14%	13%

Fort Bend County Municipal Utility District No. 134D

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Five Fiscal Years

	Amounts				
	2022	2021	2020	2019	2018
Revenues					
Property taxes	\$ 2,645,454	\$ 2,538,808	\$ 2,294,844	\$ 1,618,057	\$ 671,987
Penalties and interest	19,794	11,426	13,952	11,207	3,626
Miscellaneous		25	10		
Investment earnings	25,733	912	10,906	39,023	19,790
Total Revenues	<u>2,690,981</u>	<u>2,551,171</u>	<u>2,319,712</u>	<u>1,668,287</u>	<u>695,403</u>
Expenditures					
Tax collection	51,825	48,336	34,592	45,165	24,761
Debt service					
Principal	1,280,000	1,170,000	990,000	750,000	
Interest and fees	1,333,831	1,323,715	1,285,102	1,072,669	628,820
Total Expenditures	<u>2,665,656</u>	<u>2,542,051</u>	<u>2,309,694</u>	<u>1,867,834</u>	<u>653,581</u>
Revenues Over/(Under) Expenditures	<u>\$ 25,325</u>	<u>\$ 9,120</u>	<u>\$ 10,018</u>	<u>\$ (199,547)</u>	<u>\$ 41,822</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2022	2021	2020	2019	2018
98%	100%	99%	96%	96%
1%	*	1%	1%	1%
	*	*		
1%	*	*	2%	3%
100%	100%	100%	99%	100%
2%	2%	1%	3%	4%
48%	46%	43%	45%	
50%	52%	55%	64%	90%
100%	100%	99%	112%	94%
0%	0%	1%	(13%)	6%

Fort Bend County Municipal Utility District No. 134D
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended December 31, 2022

Complete District Mailing Address: 9 Greenway Plaza, Suite 1000, Houston, TX 77046
District Business Telephone Number: 713-651-0111
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): January 14, 2019
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Robert Hernandez	05/16 - 05/24	\$ 1,361	\$ 136	President
Scott Owen	05/22 - 05/26	1,950	549	Vice President
Crystal Harris	05/22 - 05/26	1,800	323	Secretary
Michelle Giacona	05/22 - 05/26	1,950	335	Assistant Secretary
Jason Scholtz	10/20 - 05/24	1,500		Assistant Secretary
Consultants				
		<u>Amounts Paid</u>		
Coats Rose, P.C. <i>General legal fees</i> <i>Bond counsel</i>	2015	\$ 71,309		Attorney
Si Environmental	2015	344,214		Operator
L&S District Services, LLC	2018	19,119		Bookkeeper
Tax Tech	2015	21,842		Tax Collector
Fort Bend County Appraisal District	Legislation	22,620		Property Valuation
Coats Rose, P.C.	2015	4,734		Delinquent Tax Attorney
Quiddity Engineering	2022	136,125		Engineer
LJA Engineering		3,675		Former Engineer
McGrath & Co., PLLC	2016	13,000		Auditor
Robert W. Baird & Co.	2015			Financial Advisor

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

APPENDIX B
SPECIMEN MUNICIPAL BOND INSURANCE POLICY



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

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