OFFICIAL STATEMENT DATED NOVEMBER 25, 2024

IN THE OPINION OF BOND COUNSEL (DEFINED BELOW), UNDER CURRENT LAW AND SUBJECT TO CONDITIONS DESCRIBED IN THE SECTION HEREIN "TAX EXEMPTION," INTEREST ON THE BONDS (A) IS NOT INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, (B) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM INCOME TAX, AND (C) MAY HAVE TO BE TAKEN INTO ACCOUNT BY APPLICABLE CORPORATIONS (AS DEFINED IN SECTION 59(K) OF THE CODE) FOR THE ALTERNATIVE MINIMUM TAX IMPOSED ON SUCH CORPORATIONS. A HOLDER MAY BE SUBJECT TO OTHER FEDERAL TAX CONSEQUENCES AS DESCRIBED IN THE SECTION HEREIN "TAX EXEMPTION."

The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX EXEMPTION – Other Tax Matters."

NEW ISSUE—BOOK-ENTRY ONLY
CUSIP No. 10607W

RATINGS: Underlying "Baa3" Moody's
BAM Insured "AA" (stable outlook) S&P
See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein

$5,500,000
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
(A political subdivision of the State of Texas, located in Brazoria County, Texas)
UNLIMITED TAX BONDS
SERIES 2024

Dated: December 1, 2024 **Due: April 1 (as shown below)**

Interest on the $5,500,000 Unlimited Tax Bonds, Series 2024 (the "Bonds") will accrue from December 1, 2024, and will be payable on April 1 and October 1 of each year, commencing April 1, 2025. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM").

BAM
BUILD AMERICA MUTUAL

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield (a)	Principal Amount	Maturity	Interest Rate	Yield (a)
$125,000	2026	6.500%	3.300%	$220,000	2039(b)	4.000%	4.120%
$130,000	2027	6.500%	3.300%	$230,000	2040(b)	4.000%	4.180%
$135,000	2028	6.500%	3.300%	$240,000	2041(b)	4.000%	4.240%
$140,000	2029	6.500%	3.350%	$250,000	2042(b)	4.000%	4.290%
$145,000	2030(b)	6.500%	3.400%	$260,000	2043(b)	4.125%	4.320%
$155,000	2031(b)	5.875%	3.500%	$270,000	2044(b)	4.125%	4.340%
$160,000	2032(b)	4.000%	3.600%	$285,000	2045(b)	4.125%	4.360%
$170,000	2033(b)	4.000%	3.700%	$295,000	2046(b)	4.125%	4.370%
$175,000	2034(b)	4.000%	3.800%	$310,000	2047(b)	4.250%	4.380%
$185,000	2035(b)	4.000%	3.900%	$325,000	2048(b)	4.250%	4.390%
$190,000	2036(b)	4.000%	4.000%	$340,000	2049(b)	4.250%	4.400%
$200,000	2037(b)	4.000%	4.040%	$355,000	2050(b)	4.250%	4.410%
$210,000	2038(b)	4.000%	4.080%				

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

(b) The Bonds maturing on or after April 1, 2030, are subject to redemption in whole or from time to time in part, at the option of the District, on April 1, 2029, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

The proceeds of the Bonds will be used by Brazoria County Municipal Utility District No. 43 (the "District") to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain water, wastewater, and drainage improvements to serve the District and associated engineering and testing costs; (2) fund certain water and wastewater capacity fees to the City of Manvel; (3) fund developer interest related to the advancement of funds for certain construction costs; (4) fund six months of capitalized interest on the Bonds; and (5) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds. See "USE OF BOND PROCEEDS."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Brazoria County, the City of Manvel, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Brazoria County, or the City of Manvel is pledged to the payment of the principal of, or interest on, the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."**

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about December 18, 2024.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement is not to be used in 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 registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change 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.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, Texas 77478, upon payment of duplication costs.

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

References to website 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 websites and the information or links contained therein are not incorporated into, and are not part of this Official Statement for any purpose.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.009705% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.405754%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Initial Purchaser may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Initial Purchaser.

The Initial Purchaser has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Initial Purchaser does not guarantee the accuracy or completeness of such information.

Prices and Marketability

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 number of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, 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 after their initial sale by the District. Information concerning reoffering yields or prices is the responsibility of the Initial Purchaser. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the bonds may be greater than the difference between the bids and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE INITIAL PURCHASER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT 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 Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

In the resolution adopted by the Board of Directors of the District authorizing the issuance of the Bonds (the "Bond Resolution"), the District has made the following undertaking for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the undertaking for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB or any successor to its functions as a repository through its EMMA system. The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "DISTRICT DEBT" (except for "Estimated Overlapping Debt"), "DISTRICT TAX DATA," and "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025. The District will provide the updated information to the MSRB or any successor to its functions as a repository through its EMMA system.

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

The District's current fiscal year end is February 28. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB via EMMA of the change.

Event Notices

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

Availability of Information

The District has agreed to provide the foregoing updated information only to the MSRB via EMMA. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB. The MSRB makes this information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The Bonds represent the fifth series of bonds to be issued by the District. The District has implemented policies and procedures to comply with its continuing disclosure undertakings pursuant to the Rule. During the last two years, the District has complied in all material respects with its continuing disclosure undertakings made in accordance with the Rule.

MUNICIPAL BOND RATING

In connection with the sale of the Bonds the District made application to Moody's Investors Service, Inc. ("Moody's") which assigned a rating of "Baa3" on the Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's and the District makes no representation as to the appropriateness of such rating. The District can make no assurance that the Moody's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by Moody's if in the judgment of Moody's circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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

BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: https://bambonds.com/.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at https://www.spglobal.com/en/. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of September 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $502.6 million, $246.3 million and $256.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at https://bambonds.com/, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at https://bambonds.com/insights/#video. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: The $5,500,000 Unlimited Tax Bonds, Series 2024 (the "Bonds"), are dated December 1, 2024. The Bonds represent the fifth series of bonds to be issued by Brazoria County Municipal Utility District No. 43 (the "District"). The Bonds mature on April 1 in the years as shown in the table on the cover page of this Official Statement. The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, a resolution authorizing the issuance of the Bonds to be adopted by the Board of Directors of the District (the "Bond Resolution"), an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and an election held within the District. See "THE BONDS."

Source of Payment: The Bonds are payable from a continuing direct annual ad valorem tax levied against all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Brazoria County, the City of Manvel, or any other political subdivision or agency. See "THE BONDS."

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

Book-Entry-Only System: The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, and interest on, the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Use of Proceeds: Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developer (defined herein) for advancing funds to construct certain water, wastewater, and drainage improvements to serve the District and associated engineering and testing costs; (2) fund certain water and wastewater capacity fees to the City of Manvel; (3) fund developer interest related to the advancement of funds for certain construction costs; (4) fund six months of capitalized interest on the Bonds; and (5) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds. See "USE OF BOND PROCEEDS."

Payment Record: The District has previously issued two (2) series of unlimited tax bonds and two (2) series of unlimited tax road bonds, of which $25,890,000 principal amount was outstanding as of October 1, 2024 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal of or interest on the Outstanding Bonds. See "DISTRICT DEBT."

Risk Factors: The Bonds are subject to certain risk factors as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and "LEGAL MATTERS."

Qualified Tax Exempt Obligations: The Bonds have been designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX EXEMPTION – Other Tax Matters."

Municipal Bond Rating: In connection with the sale of the Bonds the District made application to Moody's which assigned a rating of "Baa3" on the Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's and the District makes no representation as to the appropriateness of such rating. See "MUNICIPAL BOND RATING."

Bond Insurance: S&P has assigned its municipal bond insured rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. See "MUNICIPAL BOND RATING," "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

Legal Opinion: The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. See "LEGAL MATTERS" and "TAX EXEMPTION."

Paying Agent/Registrar: The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “THE BONDS – Paying Agent/Registrar.”

THE DISTRICT

Description: The District is a municipal utility district created by order of the TCEQ dated September 15, 2008. The District was created pursuant to the authority of Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The District was granted road powers authorized by Article III, Section 52 of the Texas Constitution pursuant to Chapter 8059, Texas Special Districts Local Laws Code. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. 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. Additionally, the District was created with certain park powers. See "THE DISTRICT – Authority."

Location: The District, as it was originally created, included approximately 244 acres. Since the creation of the District there have been two annexations totaling approximately 27 acres and no exclusions of property within the District. The District currently includes approximately 271 acres. The District is located in northern Brazoria County, Texas and is situated entirely within the corporate limits of the City of Manvel, Texas (the “City”). The District is located approximately four (4) miles northwest of the central business district of the City and approximately 20 miles south of the central business district of the City of Houston, Texas. The District is generally bounded on the west by State Highway 288, on the north by the Brazoria Drainage District State Ditch, on the east by a Gulf Coast Water Authority freshwater canal, and on the south by a pipeline easement and undeveloped acreage. Residents gain access to the District by traveling north from the City’s central business district on State Highway 288 and east on Del Bello Boulevard. See “THE DISTRICT – Description and Location.”

Development of the District: The District is being developed for predominantly single-family residential purposes in the subdivision known as Del Bello Lakes. Homebuilding in the District has taken place in Del Bello Lakes, Sections 1 – 10. As of October 1, 2024, the District included approximately 406 completed homes (of which one home is being used as a model home), four (4) homes under construction, and 38 vacant developed lots. The District also includes certain commercial development, which presently includes an approximately 70,000 square foot Toyota automotive dealership, showroom and service center located on approximately 18 acres. See “THE DISTRICT – Status of Residential Development” and “– Commercial Development.”

Summary of Land Uses: As of October 1, 2024, the District included approximately 119 acres that have been developed and improved for single-family residential purposes, approximately 18 acres that have been developed and improved for commercial purposes, approximately 35 remaining developable acres, and approximately 99 undevelopable acres, which includes road rights-of-way, detention ponds, drainage easements, a lift station site, open spaces, and a recreation center serving the Del Bello Lakes subdivision. Based on current land plans, approximately 32 acres that are developable and presently undeveloped are designated for commercial use. See “THE DISTRICT – Land Uses and Status of Land Development.”

The Developer: The developer of the District is Shea Homes Houston, LLC, a Delaware limited liability company (the “Developer”). The Developer is a wholly owned subsidiary of Shea Homes Limited Partnership, a California limited partnership (“Shea Homes”), consisting of J.F. Shea, G.P., a Delaware general partnership, as general partner and a number of limited partners that are comprised of entities and trusts that are under the common control of the Shea family members. Shea Homes is one of the nation’s largest privately-owned homebuilders. The Developer currently has no outstanding land acquisition loans or development loans secured by its land holdings in the District. According to the Developer, all of its development activities are funded by Shea Homes.

MAK Development Group (“MAK”) is a Houston-based firm that has been engaged by the Developer pursuant to an agreement (the “Management Agreement”) for the oversight and management of the development operations associated with the initiation and completion of the land development project within the District. Pursuant to the Management Agreement, the management activities of MAK include, but are not limited to, pre-development coordination and supervision of the Developer’s consultants and professionals, execution of the approved project plans and specifications, and supervising lot marketing and sales. Michael Kim is the President of MAK and is responsible for managing all of its operations. Michael Kim holds a B.S. degree from Penn State University and has been involved in real estate development and construction since 1991. See “THE DEVELOPER.”

Homebuilders: Homes in the District are being constructed on 50-foot, 55-foot, 60-foot, and 70-foot lots by Shea Homes, Ashton Woods Homes, Westin Homes, and Perry Homes (the “Homebuilders”). According to the Homebuilders, homes are being marketed in various price points, depending upon the size of lot and type of home product, ranging from $350,000 - $800,000. See “THE DEVELOPER – Homebuilders.”

Major Property Owners: The District includes a Toyota automotive dealership, showroom, and service center known as the Keating Toyota dealership ("Keating Toyota"), which total approximately 70,000 square feet of commercial building improvements on approximately 18 acres. According to the District's 2024 certified tax roll, Keating Toyota represents approximately $31,133,290 of taxable assessed valuation, or approximately 14.27% of the District's 2024 Certified Taxable Value of $218,180,093 (including $3,291,760 of uncertified taxable value that is still in the certification process); such taxable assessed valuation includes approximately $15,833,290 of taxable personal property value, or approximately 7.26% of the District's 2024 Certified Taxable Value. See "RISK FACTORS – Dependence on Principal Taxpayers," "– Personal Property Tax Collections," and "DISTRICT TAX DATA – Principal Taxpayers."

The System: The District's water supply and wastewater treatment capacity is provided by the City pursuant to the terms of the Interlocal and Development Agreement (the "Utility Agreement") effective April 2, 2018. The Utility Agreement will remain in effect until the earlier of December 31, 2050, or the dissolution of the District by the City. The District does not operate any water supply or wastewater treatment facilities. Subject to certain terms and conditions, the Utility Agreement requires the City to provide the District with up to 600 equivalent single-family connections ("ESFCs") of water supply capacity and 600 ESFCs of wastewater treatment capacity, both of which are adequate to serve the District at ultimate buildout based on current land plans.

The underground storm drainage collection system serving Del Bello Lakes, Sections 1 – 10 is complete. The District's drainage system utilizes a combination of curb and gutter street system to convey runoff to drainage facilities, which ultimately outfall into Cooper Ditch. Stormwater is collected through such curb and gutter system and storm sewers and is routed to a series of detention ponds, which outfall into Cooper Ditch and bypass the Gulf Coast Water Authority canal that lies adjacent to the District. According to the District's Engineer, none of the land located in the District's boundaries is located within the 100-year floodplain as determined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Map Numbers 48039C0110K and 48039C0020K dated December 30, 2020, for Brazoria County, Texas. See "UTILITY AGREEMENT WITH THE CITY OF MANVEL" and "THE SYSTEM."

SELECTED FINANCIAL INFORMATION
(Unaudited)

9/15/2024 Estimated Taxable Value	$233,409,490	(a)
2024 Certified Taxable Value	$218,180,093	(b)
Direct Debt:		
Outstanding Bonds	$25,890,000	
The Bonds	$5,500,000	
Total Direct Debt	$31,390,000	
See "DISTRICT DEBT"		
Estimated Overlapping Debt	$22,474,763	(c)
Direct and Estimated Overlapping Debt	$53,864,763	
Percentage of Direct Debt to:		
9/15/2024 Estimated Taxable Value	13.45%	
2024 Certified Taxable Value	14.39%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
9/15/2024 Estimated Taxable Value	23.08%	
2024 Certified Taxable Value	24.69%	
See "DISTRICT DEBT"		
2024 Tax Rate Per $100 of Assessed Value:		
Debt Service Tax	$0.36	
Road Debt Service Tax	$0.39	
Maintenance and Operations Tax	$0.20	
Total 2024 Tax Rate	$0.95	
Cash and Temporary Investment Balances as of October 21, 2024:		
General Fund	$931,694	(d)
Debt Service Fund	$459,809	(e) (f)
Road Debt Service Fund	$199,440	(e)

(a) Reflects data supplied by the Brazoria County Appraisal District ("BCAD" or the "Appraisal District"). The Estimated Taxable Value as of September 15, 2024, was prepared by BCAD and provided to the District. Such values are not binding on BCAD and are provided for informational purposes only. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the January 1, 2024 Certified Taxable Value according to data supplied to the District by BCAD, which includes $3,291,760 of uncertified taxable value that is still in the certification process. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt."

(d) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History" and "RISK FACTORS – Operating Funds."

(e) Neither Texas law nor the District's Bond Resolution requires that the District maintain any particular balance in the Debt Service Fund or the Road Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are not available to make debt service payments on the Bonds, and any funds in the Debt Service Fund are not available to make debt service payments on the District's outstanding road bonds. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue" and "THE BONDS – Funds."

(f) The cash and investment balance in the Debt Service Fund includes six (6) months of capitalized interest to be funded with proceeds of the Bonds to be deposited into such fund on the date of delivery of the Bonds. See "USE OF BOND PROCEEDS."

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements on the Outstanding Bonds and the debt service requirements for the Bonds.

Year	Outstanding Debt Service Requirements	Debt Service Requirements on the Bonds		Total Debt Service Requirements
		Principal	Interest	
2025	$1,683,350	-	$203,745	$1,887,095
2026	$1,679,863	$125,000	$240,431	$2,045,294
2027	$1,671,100	$130,000	$232,144	$2,033,244
2028	$1,668,575	$135,000	$223,531	$2,027,106
2029	$1,666,063	$140,000	$214,594	$2,020,656
2030	$1,662,375	$145,000	$205,331	$2,012,706
2031	$1,664,884	$155,000	$196,066	$2,015,950
2032	$1,668,269	$160,000	$188,313	$2,016,581
2033	$1,670,744	$170,000	$181,713	$2,022,456
2034	$1,667,556	$175,000	$174,813	$2,017,369
2035	$1,677,956	$185,000	$167,613	$2,030,569
2036	$1,676,697	$190,000	$160,113	$2,026,809
2037	$1,678,713	$200,000	$152,313	$2,031,025
2038	$1,683,819	$210,000	$144,113	$2,037,931
2039	$1,681,866	$220,000	$135,513	$2,037,378
2040	$1,692,766	$230,000	$126,513	$2,049,278
2041	$1,686,631	$240,000	$117,113	$2,043,744
2042	$1,693,456	$250,000	$107,313	$2,050,769
2043	$1,693,181	$260,000	$96,950	$2,050,131
2044	$1,700,650	$270,000	$86,019	$2,056,669
2045	$1,700,788	$285,000	$74,572	$2,060,359
2046	$1,703,409	$295,000	$62,609	$2,061,019
2047	$959,709	$310,000	$49,938	$1,319,647
2048	$959,831	$325,000	$36,444	$1,321,275
2049	$957,491	$340,000	$22,313	$1,319,803
2050	$957,866	$355,000	$7,544	$1,320,409
TOTALS	**$40,807,606**	**$5,500,000**	**$3,607,667**	**$49,915,273**

Maximum Annual Debt Service Requirements (2046).. $2,061,019 (a)

Requires a $0.93 debt service tax rate on the September 15, 2024 Estimated Taxable Value of $233,409,490 at 95% collections .... $2,062,173 (a)

Requires a $1.00 debt service tax rate on the 2024 Certified Taxable Value of $218,180,093 at 95% collections .... $2,072,711 (a)

(a) A certain portion of the maximum annual debt service requirement will be paid for with the District's debt service tax rate (for water, sewer, and drainage purposes) and a certain portion will be paid for with the District's road debt service tax rate. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

OFFICIAL STATEMENT

relating to

$5,500,000

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
(A political subdivision of the State of Texas located within Brazoria County, Texas)

UNLIMITED TAX BONDS
SERIES 2024

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $5,500,000 Brazoria County Municipal Utility District No. 43 Unlimited Tax Bonds, Series 2024 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") to be adopted by the Board of Directors (the "Board") of Brazoria County Municipal Utility District No. 43 (the "District"), an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and an election held within the District.

This Official Statement includes descriptions of the Bonds, the Bond Resolution, certain information about the District and its financial condition, and the Developer in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Bond Counsel upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Brazoria County, the City of Manvel, or any other political subdivision. The Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to generate property taxes to pay debt service at current levels.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Initial Purchaser (defined herein) regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

Tax Collections

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

Tax Collections Limitations and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "DISTRICT TAX DATA – Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes, that have already been paid.

Personal Property Tax Collections

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Personal property is portable and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year.

If personal property is subject to a lien for unpaid District taxes for any year, the District's lien is lost if the property is sold in the ordinary course of business. While a lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property located outside the District. Furthermore, locating and foreclosing on property held outside the District may be costly, inefficient, and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20-year statute of limitations for real property and improvements. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. No representation can be made by the District regarding future tax collections. See "TAXING PROCEDURES."

Based on the District's 2024 certified tax roll as provided by BCAD, the assessed personal property value in the District is approximately $17,002,840, which represents approximately 7.91% of the District's 2024 Certified Taxable Value. As noted above, while the value of taxable real property is subject to fluctuation, taxable personal property is mobile and capable of being removed entirely from the District and its tax rolls. The taxable personal property on the District's 2024 certified tax roll is almost entirely owned by Keating Toyota. To the extent that, for any reason, Keating Toyota reduces the size of its operations in the District or ceases to operate in the District altogether, and is not replaced by a similar business, the impact on the taxable valuation of the District would be significant. In addition, should Keating Toyota vacate its facilities, there may be a limited market for such facility. The District makes no representation regarding the likelihood that personal property currently listed on the District's tax rolls will remain in the District, or regarding the portion of future District tax rolls that will be represented by personal property. See "– Dependence on Principal Taxpayers" herein, "DISTRICT TAX DATA – Principal Taxpayers," and "– Analysis of Tax Base."

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) has either obtained the agreement of, or negotiated in good faith with, its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

Approval of the Bonds

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

Economic Factors

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space, especially during times of relatively low oil and natural gas prices. The relatively low oil and natural gas prices, recently experienced worldwide, could affect the demand for new residential home construction and commercial development and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon home-building plans altogether.

The continued growth of taxable values in the District is directly related to the housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates at which developers and builders are able to obtain financing for land development or home building costs. Interest rate levels may affect the developers' or builders' ability to complete development or building plans. Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The housing industry in the Houston area is competitive and the District can give no assurance that current home building programs will be completed. The competitive position of the developers in the sale of their developed lots or, respectively, that of present and prospective builders in the construction of single-family residential houses, is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

A material percentage of the taxable values of the District is derived from the current market value of commercial improvements and tracts developed for commercial purposes. The market value of such tracts is related to general economic conditions affecting the demand for commercial, retail, warehouse, and office space. Demand for tracts of this type and the construction of commercial projects thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of such tracts is directed. Decreased levels of construction activity or reduced resale value of such tracts would tend to restrict the growth or maintenance of property values in the District or could adversely impact such values.

The commercial real estate industry in the Houston area is competitive, and the District can give no assurance that development programs will be implemented or completed. The sale of developed commercial tracts and the competitive position of prospective builders in the construction of commercial establishments are affected by most of the factors discussed herein.

Alternative sites are available for the construction of single-family residential improvements and commercial development within the market area in which the District is located. Such sites could pose competition to the continued home-building development and commercial development on comparable sites within the District.

Competition

The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. Many of the other developments are generally accessible by the same commuter routes and served by the same employment centers and school districts causing the developments to compete with one another for the same pool of buyers at similar price points and amenity levels.

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

Potential Effects of Oil Price Fluctuation on the Houston Area

Fluctuations in oil prices in the U.S. and globally may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Dependence on the Energy Industry

The economy of the Houston metropolitan area, which has sometimes been referred to as the energy capital of the world, is, in part, dependent upon the oil and gas and petrochemical industries. During the height of the COVID-19 pandemic in 2020, worldwide consumption of energy decreased dramatically and led to the lowest oil prices in three decades. This led to layoffs of workers, business failures and reduced capital and operating expenditures by energy companies. While there has been some rebound, Houston area jobs in the energy industry have not fully recovered. In 2021, the United States rejoined the 2015 Paris Climate Accords, under which many countries have agreed to move away from fossil fuels to alleviate climate change. Although major energy companies expect that fossil fuels will be vital to the global economy for many years to come, they have recognized the need to direct more investment toward various clean energy projects. The pace and success of these efforts could significantly affect the Houston economy in the future.

Dependence on Principal Taxpayers

According to the District's 2024 certified tax rolls as provided by BCAD, the top 10 taxpayers are responsible for approximately 14.94% of the District's 2024 taxes. The District's principal taxpayers include Keating Toyota, which represents approximately $31,133,290 of taxable assessed valuation, or approximately 14.27% of the District's 2024 Certified Taxable Value of $218,180,093 (including $3,291,760 of uncertified taxable value that is still in the certification process); such taxable assessed valuation includes approximately $15,833,290 of taxable personal property value, or approximately 7.26% of the District's 2024 Certified Taxable Value. Additionally, the District's principal taxpayers include the Developer and certain of the Homebuilders, which collectively represent approximately $6,412,460 of taxable assessed valuation, or approximately 2.94% of the District's 2024 Certified Taxable Value.

The ability of the principal taxpayers to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, the principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to use other funds available for debt service purposes to the extent available. Further, if any of the principal taxpayers cease operations within the District, a substantial decrease in the District's value may result; the District has no understanding with any of the principal taxpayers regarding their future level of operations in the District. The District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Road Debt Service Fund, Debt Service Fund, or any other funds. Therefore, failure by the principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. See "THE DISTRICT'S DEVELOPER" and "DISTRICT TAX DATA – Principal Taxpayers."

Landowners/Developer Under No Obligation to the District

The Developer has informed the District of its current plans to continue to develop land in the District for residential and, to a certain extent, commercial purposes. However, neither the Developer nor any other landowner within the District have any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes or commercial improvements in the District. Currently, there is no restriction on any landowner's right (including the Developer's) to sell its land. Failure to construct taxable improvements on developed lots (currently existing lots or lots anticipated to be created by the Developer) and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District as it has in the past. The District is also dependent upon certain principal taxpayers, including the Developer, for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – Principal Taxpayers."

Dependence on Future Development and Potential Impact on District Tax Rates

The District's 2024 tax rate of $0.95 per $100 of assessed valuation, when combined with the City's 2024 tax rate of $0.56 per $100 of assessed valuation, is slightly higher than the tax rate that is common among many other similar utility districts providing water, sanitary sewer, and storm drainage services in Brazoria County. An increase in the District's tax rate substantially above such a level could have an adverse impact on future development in the District and on the District's ability to collect such tax. The District intends to maintain a plan of financing that would allow the District to keep a total tax rate (including its operations and maintenance tax rate and debt service tax rates) of $0.95 per $100 of assessed valuation or less.

Assuming no further construction of residential or commercial projects within the District other than those that have been constructed, the value of such land and improvements within the District could be a major determinant of the ability of the District to collect and the willingness of property owners to pay ad valorem taxes levied by the District. After issuance of the Bonds, the District's Maximum Annual Debt Service Requirement will be $2,061,019 (2046). The September 15, 2024 Estimated Taxable Value of property within the District is $233,409,490. Assuming no increase or decrease in the September 15, 2024 Estimated Taxable Value and no use of other District funds, a combined debt service tax rate and road debt service tax rate of $0.93 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The 2024 Certified Taxable Value of property within the District is $218,180,093, which includes $3,291,760 of uncertified taxable value that is still in the certification process. Assuming no increase or decrease in the 2024 Certified Taxable Value and no use of other District funds, a combined debt service tax rate and road debt service tax rate of $1.00 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "DISTRICT TAX DATA – Adequacy of Tax Revenue."

Operating Funds

Property owners within the District receive water and wastewater service from the City. The District does not operate the water supply and wastewater treatment system and therefore does not receive payments from customers for water and wastewater service. The District set a 2024 maintenance tax rate in the amount of $0.20 per $100 assessed valuation. The revenue produced from the maintenance tax must be sufficient to offset the operating expenses of the District. The District's 2024 operations and maintenance tax levy amount is approximately $436,360, which will be deposited into the District's General Fund. As of October 21, 2024, the District's General Fund had an unaudited cash and investment balance of $931,694. For the fiscal year ending February 28, 2025, the District is currently budgeting expenditures of $363,990. Maintenance of a positive General Fund balance will depend upon: (1) continued development and increased amounts of maintenance tax revenue; and (2) operating advances from the Developer from time to time, which may be reimbursed from proceeds of future bonds. If its General Fund balance is depleted, then the District will be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such a tax, when added to the District's debt service tax, may result in a total District tax which could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. The District expects that it will be able to maintain a total tax rate of $0.95 per $100 of assessed valuation subsequent to the sale of the Bonds. The Developer has entered into an agreement with the District memorializing its obligation to make operating advances to the District as may be required from time to time. The District is not currently budgeting, nor anticipating the need for, any operating advances from the Developer. See "THE SYSTEM – General Fund Operating History."

Future Debt

The District's voters have authorized the issuance of unlimited tax bonds for various purposes as reflected in the table below:

Amount	Purpose
$282,750,000	For certain water, sanitary sewer, and storm water facilities and for refunding
$70,200,000	For certain road facilities and for refunding
$37,310,000	For certain parks and recreational facilities and for refunding

After the issuance of the Bonds, the District will have $264,140,000 of unlimited tax water, wastewater and drainage facilities bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, $57,060,000 of unlimited tax road facility bonds (and for refunding such bonds previously issued) that remain authorized but unissued, and $37,310,000 of unlimited tax park and recreational facilities bonds (and for refunding such bonds previously issued) that remain authorized but unissued.

The District has the right to issue additional bonds as may hereafter be approved by both the Board and the voters of the District. Such additional bonds would be issued on a parity with the Bonds. Any future new money bonds, other than road bonds, to be issued by the District must also be approved by the TCEQ.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) amendment of the existing City ordinance specifying the purposes for which the District may issue bonds; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. The District has no information concerning any determination by the City to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

On December 28, 2022, the District received the approval of a $11,000,000 bond application (herein, the "Bond Application") by the TCEQ, which includes projects and bonds to provide reimbursement to the Developer for advancing funds to construct certain water, wastewater, and drainage facilities, and developer interest related to the advancement of funds for certain costs. Subsequent to TCEQ approval of the Bond Application, the District issued its $5,500,000 Unlimited Tax Bonds, Series 2023, which included funds to finance certain of the projects included in the Bond Application. The Bonds represent the remainder of such bonds approved by the TCEQ in the Bond Application.

As noted elsewhere in this Official Statement, the District intends to maintain a plan of financing that would allow the District to keep a total tax rate (including its operations and maintenance tax rate and debt service tax rates) of $0.95 per $100 of assessed valuation or less. See "RISK FACTORS – Dependence on Future Development and Potential Impact on District Tax Rates" and "THE BONDS – Issuance of Additional Debt."

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District. The District held a park and recreational facilities bond election on May 10, 2014, that authorized $37,310,000 of park and recreational facilities bonds.

Current law may be changed in a manner to increase the amount of bonds that may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

Financing Road Facilities

The District is authorized to develop road facilities, including the issuing of bonds payable from taxes for such purpose. Before the District can issue road bonds payable from taxes, approval of the bonds by the Attorney General of Texas is required. The outstanding principal amount of any road bonds issued by the District may not exceed an amount equal to twenty-five percent of the value of assessed real property in the District. The District conducted a road bond election that authorized $70,200,000 of road bonds at an election held on May 9, 2015, of which $57,060,000 remains authorized but unissued.

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

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

The HGB Area is currently designated as a "serious" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. 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. Further, the EPA has established a NPDWR for six (6) Per- and Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

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

<u>Changes in Tax Legislation</u>

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.

<u>Bond Insurance Risk Factors</u>

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 an issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the policy insurer (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.

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 description of "BOND INSURANCE" herein.

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

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer 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 "BOND INSURANCE" 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.

<u>Severe Weather</u>

The District is located approximately 30 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the

District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

The greater Houston area has experienced multiple storms exceeding a 0.2% probability of occurrence (i.e., "500-year flood" events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

Winter Storm Uri

From February 12-19, 2021, the State of Texas experienced a severe winter storm ("Winter Storm Uri") which included prolonged freezing temperatures, heavy snow and freezing rains statewide. Winter Storm Uri led to power outages and potable and non-potable water shortages in many areas of the State, including the District. The federal government issued a Major Disaster Declaration for the State of Texas and has included federal funding for emergency protective measures. As noted elsewhere in this Official Statement, the District does not operate any water supply or wastewater treatment facilities. Based on information available to the District, the District experienced no interruptions of water or wastewater service from the City as a result of Winter Storm Uri. The District cannot predict the impact of future winter weather events.

Hurricane Beryl

The District sustained high levels of wind and rainfall as a result of Hurricane Beryl's landfall along the Texas gulf coast on July 8, 2024. Based on information available to the District, there were no interruptions of water and sewer service from the City as a result of Hurricane Beryl. Additionally, based on information available to the District, there were no reports that any homes or improvements within the District experienced flooding or other structural damage as a result of Hurricane Beryl. The District is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Tax Exemption for Property Damaged by Disaster

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

In addition, under the Property Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

Tax Payment Installments After Disaster

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

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

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain water, wastewater, and drainage improvements to serve the District and associated engineering and testing costs; (2) fund certain water and wastewater capacity fees to the City of Manvel; (3) fund developer interest related to the advancement of funds for certain construction costs; (4) fund six months of capitalized interest on the Bonds; and (5) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds.

LJA Engineering, Inc. (the "Engineer") has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS	**Total Amount**	
Developer Contribution Items		
Del Bello Lakes Section 1 – W, WW, D	$644,737	
Del Bello Lakes Section 2 – W, WW, D	$407,162	
Del Bello Lakes Section 3 – W, WW, D	$471,416	
Del Bello Lakes Section 4 – W, WW, D	$316,325	
Del Bello Lakes Section 5 – W, WW, D	$7,106	
Engineering	$196,739	
Geotechnical	$39,347	
SWPPP	$43,890	
Total Developer Contribution Items	**$2,126,722**	
District Items		
Del Bello Boulevard and Manvel Parkway Phase 1	$547,331	
Phase 1 Detention and Drainage Facilities to Serve Del Bello Lakes	$704,012	
Engineering	$110,407	
Engineering (Regional Improvements)	$0	
Geotechnical	$15,947	
SWPPP	$19,281	
City of Manvel W, WW Capacity Fees	$529,242	
Total District Items	**$1,926,220**	
TOTAL CONSTRUCTION COSTS	**$4,052,942**	(a) (b)
NON-CONSTRUCTION COSTS		
Legal Fees	$123,750	
Fiscal Agent Fees	$95,000	
Interest Costs:		
Capitalized Interest (6 months)	$122,247	
Developer Interest	$707,014	
Bond Discount	$164,466	
Operating Expenses	$159,706	
Bond Issuance Expenses	$19,838	
Bond Application Report Costs	$20,000	
TCEQ Bond Issuance Fee	$13,750	
Attorney General's Fee	$5,500	
Contingency	$15,787	(c)
TOTAL NON-CONSTRUCTION COSTS	**$1,447,058**	
TOTAL BOND ISSUE REQUIREMENT	**$5,500,000**	

(a) TCEQ rules require, with certain exceptions, that developers contribute to the District's construction program a minimum of 30% of the construction costs of certain system facilities. The District has been granted a waiver of such requirement.

(b) On December 28, 2022, the District received the approval of a $11,000,000 bond application (herein, the "Bond Application") by the TCEQ, which includes projects and bonds to provide reimbursement to the Developer for advancing funds to construct certain water, wastewater, and drainage facilities, and developer interest related to the advancement of funds for certain costs. Subsequent to TCEQ approval of the Bond Application, the District issued its $5,500,000 Unlimited Tax Bonds, Series 2023, which included funds to finance certain of the projects included in the Bond Application. The Bonds represent the remainder of such bonds approved by the TCEQ in the Bond Application. See "RISK FACTORS – Future Debt" and "THE BONDS – Issuance of Additional Debt."

(c) Represents the difference between the estimated and actual amounts of capitalized interest and Bond discount. Such funds will be used by the District only after approval by the TCEQ.

THE DISTRICT

Authority

The District is a municipal utility district created by order of the TCEQ dated September 15, 2008. The District was created pursuant to the authority of Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The District was granted road powers authorized by Article III, Section 52 of the Texas Constitution pursuant to Chapter 8059, Texas Special Districts Local Laws Code. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. 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. Additionally, the District was created with certain park powers.

Under certain limited circumstances, the District is authorized to construct, develop, maintain, and finance park and recreational facilities, and to construct, develop, maintain, and finance roads. In addition, the District is authorized to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to provide such facilities and services to the customers of the District. See “RISK FACTORS – Financing Road Facilities,” “– Financing Parks and Recreational Facilities,” and “THE BONDS – Issuance of Additional Debt.”

In order to obtain the consent of the City, within whose corporate limits the District lies, to the District’s creation, the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities, road facilities, and park and recreational facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require the City’s approval of certain of the District’s construction plans and specifications.

Description and Location

The District, as it was originally created, included approximately 244 acres. Since the creation of the District there have been two annexations totaling approximately 27 acres and no exclusions of property within the District. The District currently includes approximately 271 acres. The District is located in northern Brazoria County, Texas and is situated entirely within the corporate limits of the City of Manvel, Texas (the “City”). The District is located approximately four (4) miles northwest of the central business district of the City and approximately 20 miles south of the central business district of the City of Houston, Texas. The District is generally bounded on the west by State Highway 288, on the north by the Brazoria Drainage District State Ditch, on the east by a Gulf Coast Water Authority freshwater canal, and on the south by a pipeline easement and undeveloped acreage. Residents gain access to the District by traveling north from the City’s central business district on State Highway 288 and east on Del Bello Boulevard. According to the District’s Engineer, none of the land within the District would be subject to flooding during a hypothetical 100-year flood event. See “THE SYSTEM – 100-Year Flood Plain.”

Land Uses and Status of Land Development

A summary of the approximate land use in the District as of October 1, 2024, appears in the following table:

Type of Land Use	Approximate Acres
Developed and Improved Single-Family Acres (a)	119
Developed and Improved Commercial Acres (b)	18
Acres Under Development	0
Remaining Developable Acreage (c)	35
Undevelopable Acreage (d)	99
Total Approximate Acres	**271**

(a) Represents land that is served with utilities and has single-family residential improvements constructed on site, including Del Bello Lakes, Sections 1 – 10. See “– Status of Residential Development” herein.

(b) Represents land that is served with utilities and has commercial improvements constructed on site. See “– Commercial Development” herein.

(c) Represents land available for future development, including certain commercial reserves. Such acreage includes land that may be used for road rights-of-way, detention ponds, drainage easements, open spaces, or other undevelopable acres. The District makes no representation that the development of such acreage will ever be undertaken or that taxable improvements will ever be constructed thereon.

(d) Includes road rights-of-way, detention ponds, drainage easements, a lift station site, open spaces, and a recreation center serving the Del Bello Lakes subdivision.

Status of Residential Development

The District is being developed for predominantly single-family residential purposes in the subdivision known as Del Bello Lakes. Homebuilding within the District commenced about February of 2020. The following table indicates the approximate status of single-family residential development as of October 1, 2024.

		Homes		
Subdivision/Section	Total Lots	Complete	Under Construction	Vacant Lots
Del Bello Lakes, Section 1 (a)	68	68	0	0
Del Bello Lakes, Section 2 (b)	65	65	0	0
Del Bello Lakes, Section 3 (c)	55	55	0	0
Del Bello Lakes, Section 4 (c)	38	38	0	0
Del Bello Lakes, Section 5 (d)	53	53	0	0
Del Bello Lakes, Section 6 (c)	27	27	0	0
Del Bello Lakes, Section 7 (e)	51	51	0	0
Del Bello Lakes, Section 8 (f)	30	30	0	0
Del Bello Lakes, Section 9 (g)	42	0	4	38
Del Bello Lakes, Section 10 (h)	19	19	0	0
TOTALS	**448**	**406** (i)	**4**	**38**

(a) Homes in Del Bello Lakes, Section 1 were constructed by Ashton Woods Homes and Westin Homes on 55-foot lots and were sold in the $350,000 - $460,000 price range.

(b) Homes in Del Bello Lakes, Section 2 were constructed by Shea Homes and Perry Homes on 50-foot lots and were sold in the $350,000 - $420,000 price range.

(c) Homes in Del Bello Lakes, Sections 3, 4 and 6 were constructed by Shea Homes, Westin Homes, and Perry Homes on 60-foot and 70-foot lots and were sold in the $430,000 - $800,000 price range.

(d) Homes in Del Bello Lakes, Section 5 are being constructed by Shea Homes, Ashton Woods Homes, Westin Homes, and Perry Homes on 55-foot, 60-foot, and 70-foot lots and are being marketed in the $380,000 - $800,000 price range.

(e) Homes in Del Bello Lakes, Section 7 were constructed by Shea Homes, Westin Homes, and Perry Homes on 50-foot and 60-foot lots and were sold in the $350,000 - $600,000 price range.

(f) Homes in Del Bello Lakes, Section 8 were constructed by Shea Homes and Westin Homes on 60-foot lots and were sold in the $470,000 - $700,000 price range.

(g) Homes in Del Bello Lakes, Section 9 are being constructed by Shea Homes on 60-foot lots and are being marketed in the $470,000 - $700,000 price range.

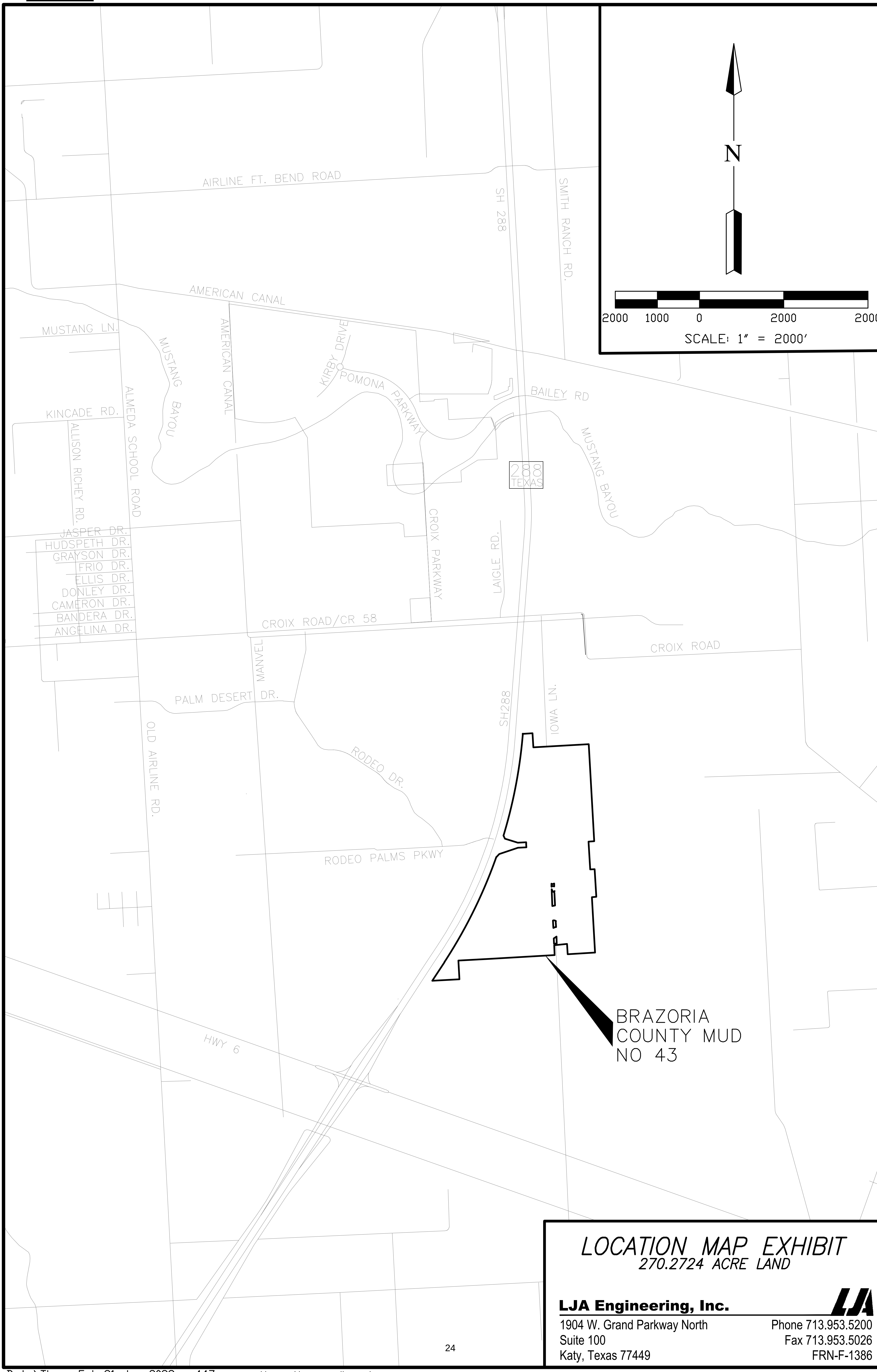
(h) Homes in Del Bello Lakes, Section 10 were constructed by Shea Homes and Perry Homes on 70-foot lots and were sold in the $550,000 - $800,000 price range.

(i) According to the Homebuilders, as of October 1, 2024, one (1) of the completed homes is being used as a model home.

Commercial Development

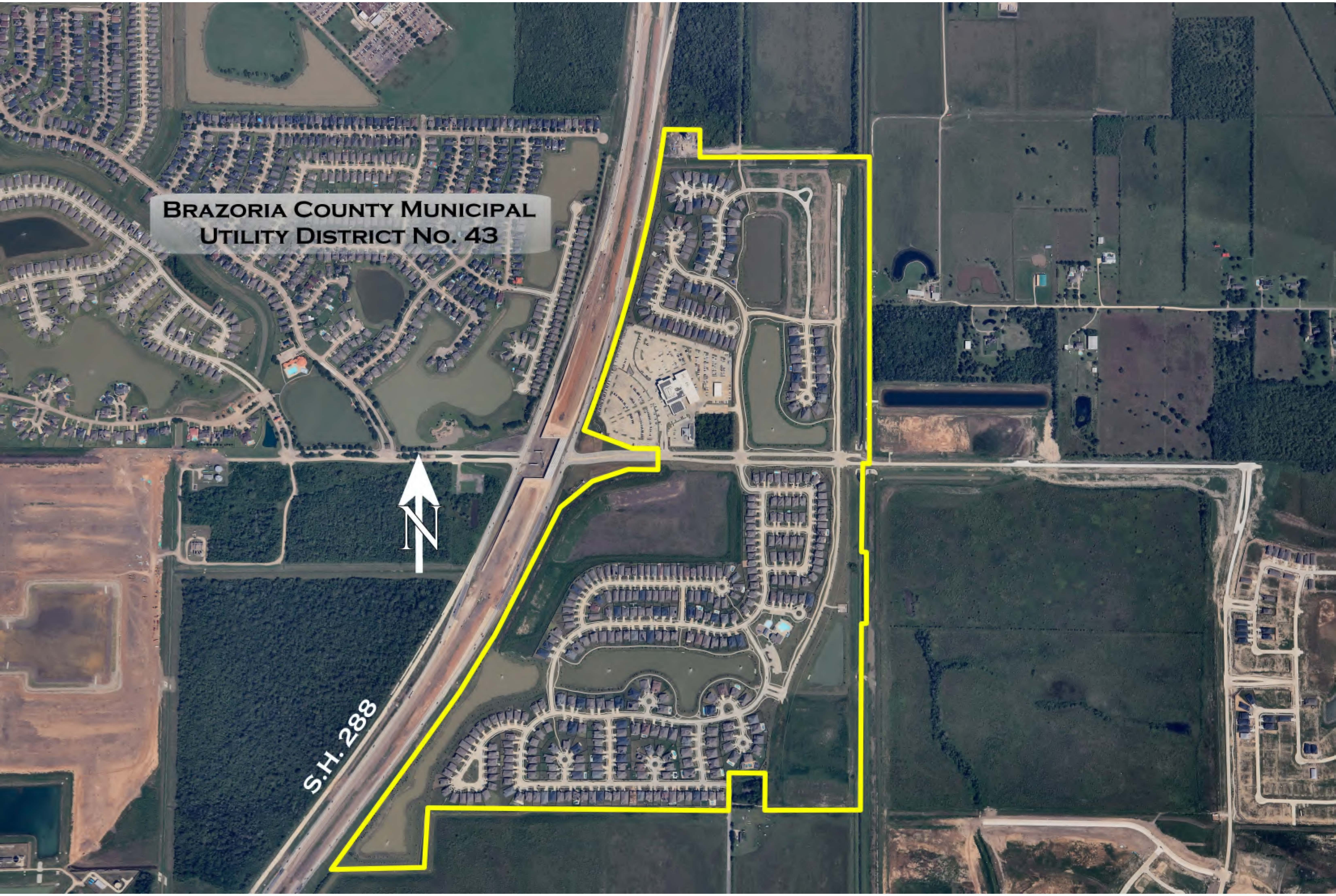
Commercial development in the District has taken place on approximately 18 acres. As of October 1, 2024, commercial building development included an approximately 70,000 square foot Toyota automotive dealership, showroom and service center known as the Keating Toyota dealership ("Keating Toyota"). According to the District's 2024 certified tax roll as provided by BCAD, Keating Toyota represents approximately $31,133,290 of taxable assessed valuation, which includes $15,833,290 of taxable personal property value. Based on current land plans, the District includes an additional 32 acres of commercial reserves that are planned for future commercial development. Neither the District nor the Developer represent that the development of the additional 32 acres of commercial reserves will ever be undertaken or that any taxable improvements will ever be constructed thereon. See "RISK FACTORS – Dependence on Principal Taxpayers," "– Landowners/Developer Under No Obligation to the District" and "DISTRICT TAX DATA – Principal Taxpayers."

Location Map



Date\Time : Fri, 21 Jan 2022 - 4:17pm User Name : jbrooks
Path\Name : W:\Land\2197\0001 - Bond Issue #1\02_Attachments\4 - Location Map\2197 Location Map Updated - JTB.dwg

Aerial Photograph



THE DEVELOPER

Role of a Developer

In general, the activities of a developer in a municipal utility district, such as the District, include purchasing the land within a district, designing the streets in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities, and selling improved lots and commercial reserves to builders, other developers, or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater, and drainage facilities in the utility district exclusive of water and sewage treatment plants unless a waiver from this requirement is requested and obtained from the TCEQ by the District, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within 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 district.

Description of the Developer

The original landowner and developer of the District was 288 Associates, L.P., a Texas limited partnership. 288 Associates, L.P. is a special purpose entity established for the purpose of developing the land located within the District. In two separate real estate transactions on September 27, 2018, and August 24, 2020, 288 Associates, L.P. sold its land holdings within the District to Shea Homes Houston, LLC, a Delaware limited liability company (the “Developer”), which is the current developer of the District. The Developer is a wholly owned subsidiary of Shea Homes Limited Partnership, a California limited partnership (“Shea Homes”), consisting of J.F. Shea, G.P., a Delaware general partnership, as general partner and a number of limited partners that are comprised of entities and trusts that are under the common control of the Shea family members. Shea Homes is one of the nation’s largest privately-owned homebuilders. The Developer is also one of the Homebuilders (hereinafter defined) in the District.

MAK Development Group (“MAK”) is a Houston-based firm that has been engaged by the Developer pursuant to an agreement (the “Management Agreement”) for the oversight and management of the development operations associated with the initiation and completion of the land development project within the District. Pursuant to the Management Agreement, the management activities of MAK include, but are not limited to, pre-development coordination and supervision of the Developer’s consultants and professionals, execution of the approved project plans and specifications, and supervising lot marketing and sales. Michael Kim is the President of MAK and is responsible for managing all of its operations. Michael Kim holds a B.S. degree from Penn State University and has been involved in real estate development and construction since 1991.

Homebuilders

Homes in the District are being constructed on 50-foot, 55-foot, 60-foot, and 70-foot lots by Shea Homes, Ashton Woods Homes, Westin Homes, and Perry Homes (the “Homebuilders”). According to the Homebuilders, homes are being marketed in various price points depending upon the size of lot and type of home product ranging from $350,000 - $800,000. See “THE DISTRICT – Status of Residential Development.”

UTILITY AGREEMENT WITH THE CITY OF MANVEL

The District operates pursuant to an Interlocal and Development Agreement dated April 2, 2018, as amended (the “Utility Agreement”), between the City, the District, and 288 Associates, L.P., which 288 Associates, L.P. subsequently assigned its obligations under the Utility Agreement to the Developer. The Utility Agreement will remain in effect until the earlier of December 31, 2050, or the dissolution of the District by the City. Pursuant to the Utility Agreement, the District assumed responsibility for acquiring and constructing for the benefit of, and for ultimate conveyance to, the City, the water distribution and wastewater collection facilities to serve development occurring within the boundaries of the District (the “Facilities”) and the City agreed to provide the District with its ultimate capacity needs for water supply and wastewater treatment service and to make certain annual payments to the District in consideration of the District’s financing, acquisition, and construction of the Facilities. The District will own and operate the detention facilities serving development within its boundaries.

The Facilities. The Utility Agreement provides that the Facilities shall be designed and constructed in accordance with the City’s requirements and criteria. The City agrees to provide the District with its ultimate requirements for water supply subject to the District’s agreement to: (i) construct a water distribution line to connect to the City’s water supply, and (ii) make a payment to the City for costs associated with an expansion of the City’s water plant. The Utility Agreement authorizes the District to purchase capacity in the City’s wastewater treatment plant based on the City’s capital recovery fee per equivalent single-family connection (“ESFC”). The capital recovery fee for wastewater treatment plant capacity is $2,500.00 per ESFC. The District agrees to limit the quantity of wastewater delivered to the amount of wastewater treatment plant capacity purchased through one point of discharge, which is metered. The City agrees to acknowledge any purchase by the District and agrees to hold such capacity for the sole benefit of the District. The District has the right to assign all or any part of its capacity to subsequent purchasers, landowners, and developers within the District’s boundaries. Prior to making any connection to the District’s wastewater system, the District agrees to issue an assignment of capacity and ensure that all required inspections are conducted by the City.

Authority of District to Issue Bonds. The District has the authority to issue, sell, and deliver unlimited tax bonds as permitted by law and the City's consent ordinance. Bonds issued by the District are obligations solely of the District and shall not be construed to be obligations or indebtedness of the City.

Ownership, Operation, and Maintenance of the Facilities. Upon completion of construction of the Facilities, the District agrees to convey the Facilities to the City, together with all warranties and maintenance bonds and an appropriate interest in the real property upon which the Facilities are constructed. The District agrees to convey the Facilities to the City without liens or encumbrances, and the conveyance of any land will be "as-is," but free and clear of liens or encumbrances, unless such liens or encumbrances are approved by the City. The District will assign all contractor and vendor warranties to the City, and the City will be solely responsible for repairs, including warranty claims after conveyance of the Facilities. As each phase of the Facilities is completed, the City agrees to inspect the same and upon approval, will accept the Facilities for operation and maintenance. The accepted Facilities shall be operated and maintained by the City at its sole cost and expense. Prior to accepting such Facilities, if the City determines that the Facilities, or any portion thereof, have not been constructed in accordance with approved plans and specifications, the City agrees to notify the District and the District shall correct any deficiency noted by the City. The District was granted various drainage easements in Cooper ditch to serve its development. Brazoria County Drainage District No. 4 ("BDD4") has agreed to maintain the portions of the ditch which fall under these easements pursuant to the terms of an Interlocal Agreement between BDD4 and the District.

Rates for Service. The City agrees to bill and collect from customers of the District such rates and charges for such customers as the City, in its sole discretion determines are necessary, provided that the rates and charges will be equal and uniform to those charged to other similar users outside the District.

Increment Payment. The City agrees to make an annual payment (the "Increment Payment") based on the City's property tax rate (other than the portion of the City's property tax rate allocated specifically to the City's debt service) and the City's sales and use tax receipts within the District based on formulas provided in the Utility Agreement. Under such formula for a given year, the Increment Payment is equal to:

(i) 70 percent of the amount of the City's property taxes (other than the portion of the City's property taxes allocated specifically to the City's debt service) collected by the City within the District's boundaries on taxable property prior to December 31, 2050 (which would include property taxes levied up to and including the 2049 tax year levy), above the taxable value of real property located within the District as of January 1, 2018, on the incremental increase in value of such property; and

(ii) 50 percent of the sales and use taxes of the one (1) percent collected by the City, collected on behalf of the City within the District's boundaries prior December 31, 2049, above the amount of municipal sales and use taxes attributable to the District for 2017, which is $0.00.

The City's property tax rate may change from year to year. The District is authorized to use the Increment Payment for the purposes described in the Utility Agreement, including the pledge of such revenues for bonds and financing certain regional improvements. The District has not pledged the Increment Payment to the Bonds or the Outstanding Bonds.

Dissolution of the District. The City has the right to abolish and dissolve the District and to acquire the District's assets and assume the District's obligations in accordance with state law. In the Utility Agreement, the City agrees that it will not abolish and dissolve the District until: (1) at least 90 percent of the developable acreage within the District has been developed with water, wastewater treatment, and drainage facilities, and (2) the Developer has been reimbursed by the District to the maximum extent permitted by the rules of the TCEQ and the laws of the state of Texas, or the City assumes the obligation to reimburse the Developer.

THE SYSTEM

Description of the System and Regulation

The District is financing the acquisition and construction of a portion of the water, wastewater, and drainage facilities to serve property in the District (the "System") with the proceeds of the sale of the Bonds. The District's water supply and wastewater treatment capacity is provided by the City pursuant to the terms of the Utility Agreement, which will remain in effect until the earlier of December 31, 2050, or the dissolution of the District by the City. The District does not operate any water supply or wastewater treatment facilities. The System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of the System, including, as applicable among others, the TCEQ, Brazoria County Drainage District No. 4, and the City.

Water Supply

The District's water supply capacity is provided by the City pursuant to the terms of the Utility Agreement. The District does not operate any water supply facilities. Subject to certain terms and conditions, the Utility Agreement requires the City to provide the District with up to 600 equivalent single-family connections ("ESFCs") of water supply capacity. According to the Engineer, such water supply capacity is adequate to serve the District at ultimate buildout based on current land plans. See "UTILITY AGREEMENT WITH THE CITY OF MANVEL." Pursuant to the terms of the Utility Agreement, the District is financing an expansion of the City's water supply facilities with a portion of the proceeds of the sale of the Bonds. See "USE OF BOND PROCEEDS." The District obtains its water from the City's water plant by way of an existing 12-inch waterline located along State Highway 6, a 12-inch waterline located along Iowa Lane, and then through an internal network of water distribution lines. The City's water plant is located southeast of the District near the intersection of State Highway 6 and School Road.

Wastewater Treatment

The District's wastewater treatment capacity is provided by the City pursuant to the terms of the Utility Agreement. The District does not operate any wastewater treatment facilities. Subject to certain terms and conditions, the Utility Agreement requires the City to provide the District with up to 600 ESFCs of wastewater treatment capacity. According to the Engineer, such wastewater treatment capacity is adequate to serve the District at ultimate buildout based on current land plans. See "UTILITY AGREEMENT WITH THE CITY OF MANVEL." Pursuant to the terms of the Utility Agreement, the District is financing capacity in the City's wastewater treatment plant with a portion of the proceeds of the sale of the Bonds. See "USE OF BOND PROCEEDS." The wastewater generated within the District will flow by gravity through an internal network of wastewater collection lines and tie into the District's 10-inch sanitary trunk line that connects to a lift station. From the lift station, an 8-inch force main travels south along Manvel Parkway and Iowa Lane until discharged into an existing 24-inch line located along State Highway 6, and then to the City's wastewater treatment plant.

Drainage and Detention Facilities

The underground storm drainage collection system serving Del Bello Lakes, Sections 1 – 10 is complete. The District's drainage system utilizes a combination of curb and gutter street system to convey runoff to drainage facilities, which ultimately outfall into Cooper Ditch. Stormwater is collected through such curb and gutter system and storm sewers and is routed to a series of detention ponds, which outfall into Cooper Ditch and bypass the Gulf Coast Water Authority canal that lies adjacent to the District.

100-Year Flood Plain

According to the District's Engineer, none of the land located in the District's boundaries is located within the 100-year floodplain as determined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Map Numbers 48039C0110K and 48039C0020K dated December 30, 2020, for Brazoria County, Texas.

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's operations is provided for information purposes only.

	Fiscal Year Ended February 28 (a)				
REVENUES	**2024**	**2023**	**2022**	**2021**	**2020**
Property taxes	$559,129	$641,888	$559,251	$102,636	$28,634
Penalty and interest	-	-	$835	$7	-
Miscellaneous revenues	$42,995	$14,921	$247	$707	$271
TOTAL REVENUES	**$602,124**	**$656,809**	**$560,333**	**$103,350**	**$28,905**
EXPENDITURES					
Professional fees	$221,303	$167,779	$143,178	$180,117	$131,383
Contracted services	$26,638	$23,663	$21,130	$13,557	$8,174
Utilities	$3,164	$3,021	$1,877	$677	-
Repairs and maintenance	$75,265	$81,266	$1,844	$29,200	-
Other	$28,065	$26,499	$33,330	$30,879	$23,554
Bond issuance costs	-	$3,052	$8,410	-	-
TOTAL EXPENDITURES	**$354,435**	**$305,280**	**$209,769**	**$254,430**	**$163,111**
OTHER FINANCING SOURCES					
Transfers In (Out)	$1,052	$123,890	$19,679	-	-
Developer Advances (b)	-	-	$136,044	$247,000	$230,800
NET CHANGE IN FUND BALANCE	**$248,741**	**$475,419**	**$506,287**	**$95,920**	**$96,594**
BEGINNING FUND BALANCE	**$831,797**	**$356,378**	**($149,909)**	**($245,829)**	**($342,423)**
ENDING FUND BALANCE (c)	**$1,080,538**	**$831,797**	**$356,378**	**($149,909)**	**($245,829)**

(a) Data is taken from the District's audited financial statements. See "APPENDIX A." The information for fiscal years 2020 and 2024 represents data as of February 29, 2020, and February 29, 2024, respectively.

(b) See "RISK FACTORS – Operating Funds."

(c) As of October 21, 2024, the District's General Fund had an unaudited cash and investment balance of $931,694. For the fiscal year ending February 28, 2025, the District's General Fund is currently budgeting revenues of $495,328 and expenditures of $363,990.

THE ROADS

The District has financed the acquisition and construction of a portion of the road system to serve property in the District (the "Roads") with the proceeds of the sale of certain of the Outstanding Bonds. The Roads serve the residents of the District by providing access to the major thoroughfares and collector roads within the Del Bello Lakes subdivision and the surrounding area. Del Bello Lakes Boulevard serves as a major thoroughfare by conveying travelers to State Highway 288. The Roads consist of additional arterial roads, collector roads, and improvements in aid thereof.

The Roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, wastewater and drainage facilities are located within the right-of-way or easement dedicated to the District. The right-of-way is also shared by streetlights and sidewalks, and easements adjacent to or outside of the right-of-way are shared by franchise utilities, including power, gas, telephone, and cable utilities. The Roads have been designed and constructed in accordance with standards, rules, and regulations of the City. Upon completion, the Roads are conveyed to the City for ownership, operation and maintenance in accordance with the standard acceptance procedures and pursuant to the terms and conditions of the Utility Agreement. See "RISK FACTORS – Financing Road Facilities."

MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board"), which has control over and management supervision of all affairs of the District. A directors' election is held within the District in May in even-numbered years. Directors are elected to serve four-year staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below.

Name	Title	Expires May
Steve Sheldon	President	2028
Vacant	Vice President	2026
Dayne Burson	Assistant Vice President	2026
Monica Britton	Secretary	2028
Robert Walters	Assistant Secretary	2026

The District does not employ a general manager or any other full-time employees. The District has contracted for bookkeeping, tax assessing and collecting services, and annual auditing of its financial statements as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Assessments of the Southwest, Inc., who is employed under an annual contract to perform the District's tax collection functions.

Bookkeeper – The District has contracted with McLennan & Associates, L.P. for bookkeeping services.

Auditor – The financial statements of the District as of February 29, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's February 29, 2024, audited financial statements.

Utility System Operator – The System's operator is the City of Manvel's Water and Wastewater Operations Division of the Community Services Department.

Engineer – The consulting engineer for the District is LJA Engineering, Inc. (the "Engineer").

Financial Advisor – The GMS Group, L.L.C., serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of the bonds, if and when such bonds are delivered. See "OFFICIAL STATEMENT – Financial Advisor."

Bond Counsel and General Counsel – The District has engaged The Muller Law Group, PLLC, Sugar Land, Texas, as general counsel to the District and as Bond Counsel in connection with the issuance of the Bonds. The fees to be paid to Bond Counsel in connection with the issuance of the Bonds are earned upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

Disclosure Counsel – Norton Rose Fulbright US LLP, Houston, Texas, has been engaged by the District to serve as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT INVESTMENT POLICY

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

DISTRICT DEBT

9/15/2024 Estimated Taxable Value	$233,409,490	(a)
2024 Certified Taxable Value	$218,180,093	(b)
Direct Debt:		
Outstanding Bonds	$25,890,000	
The Bonds	$5,500,000	
Total Direct Debt	$31,390,000	
Estimated Overlapping Debt	$22,474,763	(c)
Direct and Estimated Overlapping Debt	$53,864,763	
Percentage of Direct Debt to:		
9/15/2024 Estimated Taxable Value	13.45%	
2024 Certified Taxable Value	14.39%	
Percentage of Direct and Estimated Overlapping Debt to:		
9/15/2024 Estimated Taxable Value	23.08%	
2024 Certified Taxable Value	24.69%	
2024 Tax Rate Per $100 of Assessed Value:		
Debt Service Tax	$0.36	
Road Debt Service Tax	$0.39	
Maintenance and Operations Tax	$0.20	
Total 2024 Tax Rate	$0.95	
Cash and Temporary Investment Balances as of October 21, 2024:		
General Fund	$931,694	(d)
Debt Service Fund	$459,809	(e) (f)
Road Debt Service Fund	$199,440	(e)

(a) Reflects data supplied by BCAD. The Estimated Taxable Value as of September 15, 2024, was prepared by BCAD and provided to the District. Such values are not binding on BCAD and are provided for informational purposes only. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the January 1, 2024 Certified Taxable Value according to data supplied to the District by BCAD, which includes $3,291,760 of uncertified taxable value that is still in the certification process. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

(c) See “– Estimated Overlapping Debt” herein.

(d) Unaudited figure per the District’s records. See “THE SYSTEM – General Fund Operating History” and “RISK FACTORS – Operating Funds.”

(e) Neither Texas law nor the District's Bond Resolution requires that the District maintain any particular balance in the Debt Service Fund or the Road Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are not available to make debt service payments on the Bonds, and any funds in the Debt Service Fund are not available to make debt service payments on the District’s outstanding road bonds. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue" and “THE BONDS – Funds.”

(f) The cash and investment balance in the Debt Service Fund includes six (6) months of capitalized interest to be funded with proceeds of the Bonds to be deposited into such fund on the date of delivery of the Bonds. See “USE OF BOND PROCEEDS.”

Estimated Overlapping Debt

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

		Overlapping Debt	
Taxing Jurisdiction	**Outstanding Debt**	**Overlapping %**	**Amount**
Brazoria County	$123,455,000	0.36%	$443,017
Alvin Independent School District	$918,045,000	1.34%	$12,318,825
Alvin Community College District	$19,520,000	0.98%	$191,687
City of Manvel	$97,500,000	9.77%	$9,521,234
Total Estimated Overlapping Debt			**$22,474,763**
The District (a)			$31,390,000
Total Direct and Estimated Overlapping Debt			**$53,864,763**

(a) Includes the Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax information collection experience of the District for the years 2019 through 2023, and includes certain information for the 2024 tax year. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

Year	Taxable Valuation (a)	Tax Rate (c)	Tax Levy	Cumulative Tax Collections (d)	Year Ended September 30
2024	$218,180,093 (b)	$0.95	$2,072,711	(e)	(e)
2023	$199,116,573	$0.95	$1,891,607	99%	2024
2022	$132,564,171	$0.95	$1,259,360	100%	2023
2021	$73,445,673	$0.95	$697,734	100%	2022
2020	$11,387,457	$0.95	$108,181	100%	2021
2019	$3,014,080	$0.95	$28,634	100%	2020

(a) See “Analysis of Tax Base” herein.

(b) Reflects the January 1, 2024 Certified Taxable Value according to data supplied to the District by BCAD, which includes $3,291,760 of uncertified taxable value that is still in the certification process. The District is authorized by law to levy taxes only against certified values. See “TAXING PROCEDURES.”

(c) See “Tax Rate Distribution” herein.

(d) Represents cumulative collections as of September 30, 2024.

(e) The 2024 taxes are in the process of collections; such taxes become delinquent if not paid before February 1, 2025. See “TAXING PROCEDURES.”

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. The District's voters authorized a maintenance tax of up to $1.50 per $100 of assessed valuation at an election held on May 10, 2014. See “Tax Rate Distribution” herein.

Debt Service Tax

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

Road Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of road facilities. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. The District's voters have authorized a road facilities tax of up to $0.25 per $100 of assessed valuation at an election held on May 9, 2015. The District has never levied a road facilities tax and the District currently has no plans to levy such tax.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2019 through 2024.

	2024	2023	2022	2021	2020	2019
Debt Service	$0.36	$0.30	$0.31	$0.00	$0.00	$0.00
Road Debt Service	$0.39	$0.40	$0.21	$0.00	$0.00	$0.00
Maintenance/Operations	$0.20	$0.25	$0.43	$0.95	$0.95	$0.95
Total	**$0.95**	**$0.95**	**$0.95**	**$0.95**	**$0.95**	**$0.95**

Additional Penalties

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

Principal Taxpayers

The list of principal taxpayers for 2023 and the other information provided by this table were provided by BCAD to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of BCAD.

Property Owner	Property Description	Property Value	% of Total
TOFA LLC (a)	Personal Property	$15,833,290	7.26%
BKCK Ltd (a)	Commercial	$15,300,000	7.01%
Shea Homes Houston LLC (b)	Land and Improvement	$4,545,290	2.08%
Westin Homes and Properties LP (c)	Land and Improvement	$1,867,170	0.86%
Homeowner	Land and Improvement	$795,000	0.36%
Homeowner	Land and Improvement	$779,140	0.36%
Homeowner	Land and Improvement	$777,750	0.36%
Homeowner	Land and Improvement	$761,540	0.35%
Homeowner	Land and Improvement	$759,500	0.35%
Homeowner	Land and Improvement	$733,540	0.34%
	TOTALS	**$42,152,220**	**19.32%**

(a) Represents related parties under common ownership attributable to Keating Toyota. See "RISK FACTORS – Dependence on Principal Taxpayers" and "THE DISTRICT – Commercial Development."

(b) See "THE DEVELOPER – Description of the Developer."

(c) See "THE DEVELOPER – Homebuilders."

Analysis of Tax Base

Based on information provided to the District by the Appraisal District and its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the deferments for 2019 through 2024.

Year	Land	Improvement	Personal Property	Gross Valuations	Exemptions	Taxable Valuations
2024	$47,958,250	$180,127,312	$17,002,840	$245,008,402	$30,200,069	$214,888,333 (a)
2023	$45,387,330	$169,252,701	$17,296,530	$231,936,561	$32,819,988	$199,116,573
2022	$32,414,920	$101,856,482	$15,180,240	$149,451,642	$16,887,471	$132,564,171
2021	$23,289,160	$42,969,033	$13,602,730	$79,860,923	$6,415,250	$73,445,673
2020	$11,818,440	$850,000 (b)	$0	$12,668,440	$1,280,983	$11,387,457
2019	$4,259,030	$59,370 (b)	$0	$4,318,400	$1,304,320	$3,014,080

(a) Reflects only the portion of the January 1, 2024 Certified Taxable Value that is presently certified on the District's tax roll and, therefore, excludes $3,291,760 of uncertified taxable value that is still in the certification process.

(b) Homebuilding in the District commenced subsequent to January 1, 2020. See "THE DISTRICT – Status of Residential Development."

Estimated Overlapping Taxes

The following table sets forth all 2024 taxes levied by overlapping taxing jurisdictions. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Jurisdictions	2024 Tax Rate
Brazoria County (a)	$0.309888
Alvin Independent School District	$1.170000
Alvin Community College District	$0.155988
Brazoria County Drainage District No. 4	$0.113276
Brazoria County Emergency Services District No. 3	$0.077459
City of Manvel	$0.560000
Overlapping Taxes	**$2.386611**
The District	$0.950000
Total Direct & Overlapping Taxes	**$3.336611**

(a) Includes the 2024 taxes levied by Brazoria County Road and Bridge Fund.

Tax Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District's Operating Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the September 15, 2024 Estimated Taxable Value and the 2024 Certified Taxable Value. The calculations utilize a tax rate adequate to service the District's total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2046)....................$2,061,019 (a)

Requires a $0.93 debt service tax rate on the September 15, 2024 Estimated Taxable Value of $233,409,490 at 95% collections ....$2,062,173 (a)

Requires a $1.00 debt service tax rate on the 2024 Certified Taxable Value of $218,180,093 (b) at 95% collections ....$2,072,711 (a)

(a) A certain portion of the maximum annual debt service requirement will be paid for with the District's debt service tax rate (for water, sewer, and drainage purposes) and a certain portion will be paid for with the District's road debt service tax rate.

(b) Reflects the January 1, 2024 Certified Taxable Value according to data supplied to the District by BCAD, which includes $3,291,760 of uncertified taxable value that is still in the certification process. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "RISK FACTORS – Future Debt"), and to pay the expenses of assessing and collecting such taxes. The

District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS – Source of and Security for Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations if authorized by its voters. See "DISTRICT TAX DATA – Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, manufactured 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 Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse of a deceased veteran who had received a disability rating of 100%, 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.

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, under certain conditions, 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, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption in the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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 20% of the appraised value of residential homesteads from ad valorem taxation. The District is authorized by statute to disregard previously granted residential homestead exemptions 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. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. The District does not grant a residential homestead exemption at this time.

Freeport Goods and Goods-in Transit Exemptions: 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 not later than 175 days after the person acquired or imported the property into the State.

A "Goods-in-Transit" Exemption is applicable to goods, wares, merchandise, other tangible personal property, and ores, other than oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory, if such property is acquired in or imported into Texas only if such property is to be forwarded to another location in or outside of Texas and 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, and is transported to another location in the state or outside of the state not later than 175 days after the date the person acquired the property in or imported the property into Texas.

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.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and formally 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 100% of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10% annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes and a 5% annual interest for the previous three years for agricultural use, open space land and timberland.

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

Effective January 1, 2020, Section 11.35 of the Property Tax Code, authorizes a temporary tax exemption for certain damaged property in governor-declared disaster areas. In order to qualify for the exemption, the property must be at least 15% damaged, as determined by the chief appraiser of the appraisal district. Upon a property owner's application for an exemption, the chief appraiser must assign a damage rating of Level I – at least 15%, but less than 30% (minimal damage), Level II – at least 30%, but less than 60% (nonstructural damage), Level III – at least 60%, but less than 100% (significant structural damage), or Level IV – 100% (total loss). The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage (Level I – 15%, Level II – 30%, Level III – 60%, and Level IV – 100%), which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year.

Property owners are entitled to the exemption if the Governor of Texas (the "Governor") declares the disaster area prior to a taxing unit adopting a tax rate for the year in which the disaster occurs. However, if the disaster declaration occurs on or after the date a taxing unit adopts a tax rate, property owners are only entitled to receive the exemption if the governing body of the taxing unit adopts the exemption within 60 days of the disaster declaration. The exemption expires on January 1 of the first tax year in which the property is reappraised.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed, except set forth herein with respect to residential homesteads. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 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 12% of the amount of the delinquent tax regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid.

The Property Tax Code makes provisions for the split payment of taxes and discounts for early payment under certain circumstances which, at the option of the District, may be rejected by taxing units. The Property Tax Code also provides for the postponement of the delinquency date of taxes in certain circumstances. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues to accrue during the period of deferral.

Certain qualified taxpayers, including 1) owners of residential homesteads or certain properties used for residential purposes, located in a disaster or emergency area and which has been damaged by the disaster or emergency, and 2) certain qualified business entities that own or lease real and/or tangible property, located in a disaster or emergency area and which has been damaged by the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District on taxes imposed on the property prior to the first anniversary of the disaster or emergency if the business entity pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments before the first day of the sixth month after the delinquency date.

Additionally, certain qualified business entities that own or lease real and/or tangible property located in a disaster or emergency area and which has not been damaged by the disaster or emergency, may be permitted by a taxing jurisdiction such as the District, at the taxing jurisdiction's discretion, to enter into a tax payment installment agreement on taxes imposed on the property prior to the first anniversary of the disaster or emergency under the same terms as set forth in the paragraph directly above.

Effective September 1, 2019, a property owner serving on active duty for any branch of the United States armed forces who is transferred out of the state may defer payment on property taxes without incurring any penalty or interest. Deferred tax payments are due no later than 60 days after the earliest of the following to occur: (1) the person is discharged from active military service, (2) the person returns to the state for more than 10 days, or (3) the person returns to non-active-duty status in the reserves. After the deferral period expires, any unpaid delinquent taxes will accrue interest but will not incur any penalty.

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 can be 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 cannot be reduced by a rollback election held within any of the districts described below.

Low Tax Rate Districts: Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Low Tax Rate District is the current year's debt service and contract tax rate plus 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 from the previous three tax years, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates from the previous three tax years. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or President of the United States (the “President”), 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 can be 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for 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: For the 2024 tax year, the District is classified as 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 election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year 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 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. See "DISTRICT TAX DATA – Estimated Overlapping Taxes." A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by federal law. In the absence of federal law, the District’s tax lien takes priority over a tax lien of the United States. 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, subject to the restrictions on residential homesteads described above under “Levy and Collection of Taxes.” 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 that was used as the residence homestead of the owner, certain land designated for agricultural use, or a mineral interest sold at a tax sale to a purchaser other than a taxing unit within two years of the date on which the purchaser’s deed at the foreclosure sale is filed in the county records. For all other real property, a taxpayer may redeem the property not later than the 180^{th} day following the date on which the purchaser’s or taxing unit’s deed is filed for record. See “RISK FACTORS – General” and “– Tax Collections.”

The District’s ability to attach or foreclose a tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended.

THE BONDS

General

The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of, and interest, on the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Resolution. Capitalized terms in such summary are used as defined in the Bond Resolution. Such summary is not a complete description of the entire Bond Resolution and is qualified in its entirety by reference to the Bond Resolution, a copy of which is available from the District's Bond Counsel upon request.

The Bonds are dated and will bear interest from December 1, 2024, at the per annum rates shown on the cover page hereof. The Bonds are fully registered, serial bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds is payable April 1, 2025, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of the principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds, will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

In the event that the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") 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 to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Optional Redemption

The Bonds maturing on and after April 1, 2030, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2029, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Source of and Security for Payment

The Bonds are secured by, and payable from, the levy of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees, and Appraisal District' fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Brazoria County, the City of Manvel, or any entity other than the District.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and redemption price thereon in any manner permitted by law. Under current tax law such discharge may be accomplished either: (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of and all interest to accrue on the Bonds to maturity or redemption, or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (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 or a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

Funds

In the Bond Resolution, the Debt Service Fund is confirmed and the proceeds from all taxes levied, appraised, and collected for and on account of the Bonds authorized by the Bond Resolution, shall be deposited as collected in such fund.

The District also maintains a Road Debt Service Fund that is not pledged to the Bonds. Funds in the Road Debt Service Fund are not available to pay principal and interest on the Bonds.

Accrued interest on the Bonds and six (6) months of capitalized interest, funded with proceeds of the Bonds, shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Debt Service Fund.

No Arbitrage

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

Paying Agent/Registrar

Pursuant to the Bond Resolution, the initial paying agent and initial registrar with respect to the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, any outstanding bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Resolution to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Bond Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Dallas, Texas. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the period beginning at the opening of business on a Record Date (defined herein) and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within 30 calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the District and the Registrar of security or indemnity as may be required by either of them to keep them harmless. The District will require payment of taxes, governmental charges, and expenses in connection with any such replacement.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of authorities, 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 authorities, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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 concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes

Issuance of Additional Debt

The District's voters have authorized the issuance of unlimited tax bonds for various purposes as reflected in the table below:

Amount	Purpose
$282,750,000	For certain water, sanitary sewer, and storm water facilities and for refunding
$70,200,000	For certain road facilities and for refunding
$37,310,000	For certain parks and recreational facilities and for refunding

After the issuance of the Bonds, the District will have $264,140,000 of unlimited tax water, wastewater and drainage facilities bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, $57,060,000 of unlimited tax road facility bonds (and for refunding such bonds previously issued) that remain authorized but unissued, and $37,310,000 of unlimited tax park and recreational facilities bonds (and for refunding such bonds previously issued) that remain authorized but unissued.

The District has the right to issue additional bonds as may hereafter be approved by both the Board and the voters of the District. Such additional bonds would be issued on a parity with the Bonds. Any future new money bonds, other than road bonds, to be issued by the District must also be approved by the TCEQ.

Further, the principal amount of park bonds sold by the District is limited to one percent of the District's certified taxable assessed valuation, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) amendment of the existing City ordinance specifying the purposes for which the District may issue bonds; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. The District has no information concerning any determination by the City to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

On December 28, 2022, the District received the approval of a $11,000,000 bond application (herein, the "Bond Application") by the TCEQ, which includes projects and bonds to provide reimbursement to the Developer for advancing funds to construct certain water, wastewater, and drainage facilities, and developer interest related to the advancement of funds for certain costs. Subsequent to TCEQ approval of the Bond Application, the District issued its $5,500,000 Unlimited Tax Bonds, Series 2023, which included funds to finance certain of the projects included in the Bond Application. The Bonds represent the remainder of such bonds approved by the TCEQ in the Bond Application.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, Maturity Value, and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Initial Purchaser believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The District and the Initial Purchaser cannot and do 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 United States Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities. 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 the Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 securities representing their ownership interests in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor or the Initial Purchaser takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of The Muller Law Group, PLLC, Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals.

Legal Review

In its capacity as Bond Counsel, The Muller Law Group, PLLC has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12 (except for the subheading "Compliance with Prior Undertakings")," "THE DISTRICT – Authority," "TAXING PROCEDURES," "THE BONDS," "LEGAL MATTERS," and "TAX EXEMPTION" solely to determine whether such information fairly summarizes the documents and legal matters referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of any of the other information contained herein. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind, with regard to the accuracy or completeness of any information contained herein.

The Muller Law Group, PLLC also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to in its capacity as General Counsel are based on time charges actually incurred or a fixed fee. The legal fees paid to The Muller Law Group, PLLC in its capacity as 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 are earned upon sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

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 from that set forth or contemplated in the Preliminary Official Statement.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the District to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See "*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*", 63 Bus. Law. 1277 (2008) and "*Legal Opinion Principles*", 53 Bus. Law. 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the "Service") or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals: Bond Counsel's opinion states that under current law interest on the Bonds is not an item of reference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations: Bond Counsel's opinion also states that under current law interest on the Bonds may have to be taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an "applicable corporation" generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021 that exceeds $1 billion.

Other Tax Matters

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2024 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2024.

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the "Discount Bonds"). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder's basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder's adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder's basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

OFFICIAL STATEMENT

Sources of Information

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

Financial Advisor

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

Consultants

In approving this Official Statement, the District has relied upon the following consultants:

Engineer – The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled "THE SYSTEM," "USE OF BOND PROCEEDS," and certain engineering matters included in "THE DISTRICT – Description and Location," "THE DISTRICT – Land Uses and Status of Land Development," and "THE ROADS" has been provided by LJA Engineering, Inc. and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector – The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned "DISTRICT TAX DATA," has been provided by BCAD and by Assessments of the Southwest, Inc., in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor – The financial statements of the District as of February 29, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's February 29, 2024, audited financial statements.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District's audited financial statements are required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, Texas 77478.

Certification as to Official Statement

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

Updating of Official Statement

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, in the other matters described in the Official Statement, until the delivery of the Bonds. All information with respect to the resale of the Bonds shall be the responsibility of the Initial Purchaser.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 43 as of the date shown on the cover page.

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED FEBRUARY 29, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43

BRAZORIA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 29, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

T A B L E   O F   C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brazoria County Municipal
Utility District No. 43
Brazoria County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 43 (the "District") as of and for the year ended February 29, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of February 29, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Board of Directors
Brazoria County Municipal Utility District No. 43

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

August 1, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 29, 2024

Management's discussion and analysis of Brazoria County Municipal Utility District No. 43's (the "District") financial performance provides an overview of the District's financial activities for the year ended February 29, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The Statement of Activities reports how the District's net position changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $6,254,485 as of February 29, 2024. A portion of the District's net position reflects its net investment in capital assets (land and land improvements, drainage and intangible assets less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	$ 3,898,281	$ 3,487,082	$ 411,199
Capital Assets and Intangible Assets (Net of Accumulated Depreciation and Amortization)	30,051,231	27,563,720	2,487,511
Total Assets	$ 33,949,512	$ 31,050,802	$ 2,898,710
Due to Developer	$ 13,529,557	$ 15,058,090	$ 1,528,533
Long-Term Liabilities	26,026,241	20,878,896	(5,147,345)
Other Liabilities	648,199	314,719	(333,480)
Total Liabilities	$ 40,203,997	$ 36,251,705	$ (3,952,292)
Net Position:			
Net Investment in Capital Assets	$ (9,079,124)	$ (7,198,217)	$ (1,880,907)
Restricted	1,732,241	1,079,837	652,404
Unrestricted	1,092,398	917,477	174,921
Total Net Position	$ (6,254,485)	$ (5,200,903)	$ (1,053,582)

The following table provides a summary of the District's operations for the years ended February 29, 2024, and February 28, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,890,927	$ 1,260,410	$ 630,517
Tax Increment	297,632	145,450	152,182
Other Revenues	154,604	67,585	87,019
Total Revenues	$ 2,343,163	$ 1,473,445	$ 869,718
Expenses for Services	3,396,745	4,434,875	1,038,130
Change in Net Position	$ (1,053,582)	$ (2,961,430)	$ 1,907,848
Net Position, Beginning of Year	(5,200,903)	(2,239,473)	(2,961,430)
Net Position, End of Year	$ (6,254,485)	$ (5,200,903)	$ (1,053,582)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's combined fund balances as of February 29, 2024 were $3,831,635, an increase of $619,465 from the prior year.

The General Fund fund balance increased by $248,741, primarily property tax revenues exceeding operating costs.

The Debt Service Fund fund balance increased by $760,330, primarily due to the structure of the District's outstanding debt and the issuance of Series 2023 bonds during the current year.

The Capital Projects Fund fund balance decreased by $389,606, primarily to the capital costs paid from bond proceeds received in the current and prior years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current year. Actual revenues were $51,926 more than budgeted. Actual expenditures were $105,561 less than budgeted, primarily due to budgeted permit fees and developer interest costs which were not paid in the current year.

CAPITAL ASSETS

Capital assets as of February 29, 2024, total $10,288,973 and includes roads, land and land improvements. Current year capital costs include costs related to drainage improvements.

	Capital Assets At Year-End, Net of Accumulated Depreciation		
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 3,268,738	$ 3,268,738	$
Capital Assets, Net of Accumulated Depreciation:			
Drainage System	7,020,235	5,922,596	1,097,639
Total Net Capital Assets	$ 10,288,973	$ 9,191,334	$ 1,097,639

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

INTANGIBLE ASSETS

The District conveys completed water, wastewater, drainage and paving facilities to the City of Manvel, Texas for ownership and maintenance of the facilities to service the residents of the District. The District recognized an intangible asset for the cost of the facilities conveyed which has a February 29, 2024 balance (net of accumulated amortization) of $19,762,258.

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of $26,250,000. The changes in the debt position of the District during the year ended February 29, 2024, are summarized as follows:

Bond Debt Payable, March 1, 2023	$ 20,750,000
Add: Bond Sales	5,500,000
Bond Debt Payable, February 29, 2024	$ 26,250,000

The District's Series 2021 bonds are not rated. The Series 2022 and Series 2023 bonds carry an "AA" rating by virtue of bond insurance issued by Build America Mutual Assurance Company and the Series 2022A bonds carry an "AA" rating by virtue of bond insurance issued by Assured Guaranty Municipal. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for anyone with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brazoria County Municipal Utility District No. 43, c/o The Muller Law Group, PLLC, 202 Century Square Boulevard, Sugar Land, Texas 77478.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29, 2024

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 2,009	$ 470,569
Investments	990,263	1,586,045
Receivables:		
Property Taxes	11,860	33,209
Due from Other Funds	95,166	
Land		
Capital Assets (Net of Accumulated Depreciation)		
Intangible Assets (Net of Accumulated Amortization)		
TOTAL ASSETS	$ 1,099,298	$ 2,089,823

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 9,242	$ 481,820	$	$ 481,820
795,084	3,371,392		3,371,392
	45,069		45,069
	95,166	(95,166)	
		3,268,738	3,268,738
		7,020,235	7,020,235
		19,762,258	19,762,258
$ 804,326	$ 3,993,447	$ 29,956,065	$ 33,949,512

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 29, 2024

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 6,900	$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		76,283
Due to Taxpayers		14,677
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	$ 6,900	$ 90,960
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 11,860	$ 33,209
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		1,965,654
Unassigned	1,080,538	
TOTAL FUND BALANCES	$ 1,080,538	$ 1,965,654
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 1,099,298	$ 2,089,823
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 6,900	$	$ 6,900
		266,622	266,622
		13,529,557	13,529,557
18,883	95,166	(95,166)	
	14,677		14,677
		360,000	360,000
		26,026,241	26,026,241
$ 18,883	$ 116,743	$ 40,087,254	$ 40,203,997
$ -0-	$ 45,069	$ (45,069)	$ -0-
$ 785,443	$ 785,443	$ (785,443)	
	1,965,654	(1,965,654)	
	1,080,538	(1,080,538)	
$ 785,443	$ 3,831,635	$ (3,831,635)	$ -0-
$ 804,326	$ 3,993,447		
		$ (9,079,124)	$ (9,079,124)
		1,732,241	1,732,241
		1,092,398	1,092,398
		$ (6,254,485)	$ (6,254,485)

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FEBRUARY 29, 2024

Total Fund Balances - Governmental Funds		$ 3,831,635
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		30,051,231
Deferred tax revenues and uncollected penalty and interest on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.		45,069
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:		
Accrued Interest Payable	$ (266,622)	
Due to Developer	(13,529,557)	
Bonds Payable	(26,386,241)	(40,182,420)
Total Net Position - Governmental Activities		$ (6,254,485)

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

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED FEBRUARY 29, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 559,129	$ 1,450,033
Tax Increment		
Penalty and Interest		6,344
Miscellaneous Revenues	42,995	54,586
TOTAL REVENUES	$ 602,124	$ 1,510,963
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 221,303	$ 734
Contracted Services	26,638	18,220
Utilities	3,164	
Repairs and Maintenance	75,265	
Amortization/Depreciation		
Other	28,065	1,638
Capital Outlay		
Debt Service:		
Bond Issuance Costs		
Bond Interest		856,272
TOTAL EXPENDITURES/EXPENSES	$ 354,435	$ 876,864
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 247,689	$ 634,099
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	$ 1,052	$
Bond Discount		
Bond Premium		
Long-Term Debt Issued		126,231
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,052	$ 126,231
NET CHANGE IN FUND BALANCES	$ 248,741	$ 760,330
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - MARCH 1, 2023	831,797	1,205,324
FUND BALANCES/NET POSITION - FEBRUARY 29, 2024	$ 1,080,538	$ 1,965,654

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 2,009,162	$ (118,235)	$ 1,890,927
297,632	297,632		297,632
	6,344	(11,431)	(5,087)
62,110	159,691		159,691
$ 359,742	$ 2,472,829	$ (129,666)	$ 2,343,163
$ 14,000	$ 236,037	$	$ 236,037
	44,858		44,858
	3,164		3,164
	75,265		75,265
		1,099,729	1,099,729
456	30,159		30,159
5,642,892	5,642,892	(5,115,773)	527,119
477,198	477,198		477,198
	856,272	46,944	903,216
$ 6,134,546	$ 7,365,845	$ (3,969,100)	$ 3,396,745
$ (5,774,804)	$ (4,893,016)	$ 3,839,434	$ (1,053,582)
$ (1,052)	$	$	$
(87,900)	(87,900)	87,900	
100,381	100,381	(100,381)	
5,373,769	5,500,000	(5,500,000)	
$ 5,385,198	$ 5,512,481	$ (5,512,481)	$ -0-
$ (389,606)	$ 619,465	$ (619,465)	$
		(1,053,582)	(1,053,582)
1,175,049	3,212,170	(8,413,073)	(5,200,903)
$ 785,443	$ 3,831,635	$ (10,086,120)	$ (6,254,485)

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED FEBRUARY 29, 2024

Net Change in Fund Balances - Governmental Funds	$ 619,465
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(118,235)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(11,431)
Governmental funds do not account for amortization/depreciation. However, in the Statement of Net Position, capital assets/intangible assets are depreciated/amortized and depreciation/amortization expense is recorded in the Statement of Activities.	(1,099,729)
Governmental funds report capital costs as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	5,115,773
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(46,944)
Governmental funds report bond discounts and bond premiums as other financing uses or souces in the year paid or received. However, in the Statement of Net Position, bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(12,481)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(5,500,000)
Change in Net Position - Governmental Activities	$ (1,053,582)

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

NOTE 1. CREATION OF DISTRICT

Brazoria County Municipal Utility District No. 43 of Brazoria County, Texas (the "District") was created effective September 15, 2008 by an Order of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to construct, acquire, and repair all macadamized, graveled or paved roads. The Board of Directors held its first meeting on August 2, 2013. The first bonds were sold December 9, 2021.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

General Fund - To account for resources not required to be accounted for in another fund, operating costs and general expenditures.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of February 29, 2024, the Debt Service Fund owed the General Fund \$76,283 for maintenance tax collections and the Capital Projects Fund owed the General Fund \$18,883 for bond issuance costs and capital outlay. During the current year, the Capital Projects Fund transferred \$1,052 to the General Fund to reimburse for prior year bond issuance costs.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

Intangible Assets

Certain infrastructure constructed by the District with funds provided by developers for the purposes of providing water service and wastewater service to District residents is conveyed to an other entity for ownership and maintenance. These costs are recorded as intangible assets and amortized using the straight-line method over a period of 30 years.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

Unassigned: all other spendable amounts in the General Fund.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Accounting Estimates

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

NOTE 3. BOND AUTHORIZATION

The following is a summary of transactions regarding the changes in bonds payable for the year ended February 29, 2024:

	March 1, 2023	Additions	Retirements	February 29, 2024
Bonds Payable	$ 20,750,000	$ 5,500,000	$	$ 26,250,000
Unamortized Discounts	(144,838)	(87,900)	(8,935)	(223,803)
Unamortized Premiums	273,734	100,381	14,071	360,044
Bonds Payable, Net	$ 20,878,896	$ 5,512,481	$ 5,136	$ 26,386,241

Amount Due Within One Year	$ 360,000
Amount Due After One Year	26,026,241
Bonds Payable, Net	$ 26,386,241

NOTE 3. BOND AUTHORIZATION (Continued)

The District's bonds payable at February 29, 2024, consists of the following bonds:

	Series 2021 Road	Series 2022	Series 2022A Road
Amount Outstanding – February 29, 2024	$4,430,000	$7,610,000	$8,710,000
Interest Rates	2.00% to 3.00%	3.00% to 4.00%	5.00% to 8.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2024/2046	April 1, 2024/2046	April 1, 2025/2050
Interest Payment Dates	April 1/ October 1	April 1/ October 1	April 1/ October 1
Callable Dates	April 1, 2026 (1)	April 1, 2027 (1)	April 1, 2027 (1)

	Series 2023
Amount Outstanding – February 29, 2024	$5,500,000
Interest Rates	4.00% to 6.50%
Maturity Dates – Serially Beginning/Ending	April 1, 2025/2050
Interest Payment Dates	April 1/ October 1
Callable Dates	April 1, 2028 (1)

(1) Or any date thereafter at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2021 road term bonds due April 1, 2029, 2034, 2041, 2044 and 2046 are subject to mandatory redemption beginning April 1, 2028, 2033, 2039, 2042 and 2045, respectively. Series 2022 term bonds due April 1, 2040, 2043 and 2046 are subject to mandatory redemption beginning April 1, 2039, 2041 and 2044, respectively. Series 2022A road term bonds due April 1, 2041, 2043, 2045, 2047 and 2050 are subject to mandatory redemption beginning April 1, 2039, 2042, 2044, 2046 and 2048, respectively. Series 2023 term bonds due April 1, 2034, 2038, 2040, 2048 and 2050 are subject to mandatory redemption beginning April 1, 2033, 2037, 2039, 2041 and 2049, respectively.

NOTE 3. BOND AUTHORIZATION (Continued)

As of February 29, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	$ 360,000	$ 1,060,587	$ 1,420,587
2026	645,000	1,038,350	1,683,350
2027	675,000	1,004,863	1,679,863
2028	700,000	971,100	1,671,100
2029	730,000	938,574	1,668,574
2030-2034	4,130,000	4,202,336	8,332,336
2035-2039	5,035,000	3,349,738	8,384,738
2040-2044	6,150,000	2,297,901	8,447,901
2045-2049	6,000,000	1,024,387	7,024,387
2050-2051	1,825,000	90,357	1,915,357
	$ 26,250,000	$ 15,978,193	$ 42,228,193

As of February 29, 2024, the District had authorized but unissued bonds in the amount of $269,640,000 for unlimited tax water, sanitary sewer, and drainage and storm sewer systems facilities bonds (and for refunding such bonds previously issued); $37,310,000 for recreational facilities (and for refunding such bonds previously issued); and $57,060,000 for road facilities (and for refunding such bonds previously issued).

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

During the year ended February 29, 2024, the District levied an ad valorem utility debt service tax rate of $0.30 per $100 of assessed valuation, which resulted in a tax levy of $598,588 on the adjusted taxable valuation of $199,529,489 for the 2023 tax year.

During the year ended February 29, 2024, the District levied an ad valorem road debt service tax of $0.40 per $100 of assessed valuation, which resulted in a tax levy of $798,118 on the adjusted taxable valuation of $199,529,489 for the 2023 tax year.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

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

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. As of February 29, 2024, the carrying amount of the District's deposits was $481,820 and the bank balance was $348,053. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at February 29, 2024, as listed below:

	Cash
GENERAL FUND	$ 2,009
DEBT SERVICE FUND	470,569
CAPITAL PROJECTS FUND	9,242
TOTAL DEPOSITS	$ 481,820

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of February 29, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years: Less Than 1	1-5	6-10	More Than 10
GENERAL FUND					
Texas CLASS	$ 990,263	$ 990,263	$ - 0 -	$ - 0 -	$ - 0 -
DEBT SERVICE FUND					
Texas CLASS	1,586,045	1,586,045			
CAPITAL PROJECTS FUND					
Texas CLASS	795,084	795,084			
TOTAL INVESTMENTS	$ 3,371,392	$ 3,371,392	$ - 0 -	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in Texas CLASS was rated AAAm by Standard and Poor's. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS to have a maturity of less than one year since the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

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

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital asset activity for the year ended February 29, 2024.

	March 1, 2023	Increases	Decreases	February 29, 2024
Capital Assets Not Being Depreciated				
Land for Detention Facilities	$ 3,268,738	$	$	$ 3,268,738
Capital Assets Subject to Depreciation				
Drainage System	$ 6,508,018	$ 1,459,244	$	$ 7,967,262
Less Accumulated Depreciation				
Drainage System	$ 585,422	$ 361,605	$	$ 947,027
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 5,922,596	$ 1,097,639	$	$ 7,020,235
Total Capital Assets, Net of Accumulated Depreciation	$ 9,191,334	$ 1,097,639	$ - 0 -	$ 10,288,973

Certain infrastructure constructed by the District with funds provided by the developers for the purposes of providing water, wastewater, drainage services and paving to District residents is conveyed to the City of Manvel, Texas for ownership and maintenance. These costs are recorded as intangible assets and amortized using the straight-line method over a period of 30 years.

	March 1, 2023	Increases	Decreases	February 29, 2024
Intangible Assets Not Being Depreciated				
Construction in Progress	$ 120,466	$ 2,127,996	$ 1,832,748	$ 415,714
Intangible Assets Subject to Amortization				
Water, Wastewater, Drainage and Paving Facilities	$ 19,889,616	$ 1,832,748	$	$ 21,722,364
Less Accumulated Amortization				
Water, Wastewater, Drainage and Paving Facilities	$ 1,637,696	$ 738,124	$	$ 2,375,820
Total Amortizable Intangible Assets, Net of Accumulated Amortization	$ 18,251,920	$ 1,094,624	$	$ 19,346,544
Total Intangible Assets, Net of Accumulated Amortization	$ 18,372,386	$ 3,222,620	$ 1,832,748	$ 19,762,258

NOTE 7. MAINTENANCE TAX

On May 10, 2014, the voters of the District approved the levy and collection of an operation and maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's systems and other operating and maintenance expenses. During the year

NOTE 7. MAINTENANCE TAX (Continued)

ended February 29, 2024, the District levied an ad valorem maintenance tax of $0.25 per $100 of assessed valuation, which resulted in a tax levy of $498,824 on the adjusted taxable valuation of $199,529,489 for the 2023 tax year.

On May 9, 2015, the voters of the District approved the levy and collection of a maintenance tax for road facilities not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. During the year ended February 29, 2024, the District did not levy an ad valorem road facilities maintenance tax.

NOTE 8. UNREIMBURSED COSTS

The District has executed Financing Agreements for Construction of Water, Sewer and Drainage Facilities, Construction of Recreational Facilities and Construction of Road Facilities (the "Financing Agreements") with developers within the District. The agreements call for the developers to fund costs associated with water, wastewater and drainage facilities, recreational facilities, and road facilities until such time as the District can sell bonds to reimburse the developer. To date, the developers have advanced $12,931,216 for completed District facilities.

In accordance with the terms of other financing agreements, the developers have advanced monies to the District's General Fund for the District to meet its ongoing financial obligations. To date, the developers have advanced a total of $598,341 to cover the operating deficits.

The District recorded a liability of $13,529,557 for the above advances.

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage amounts in the past three years.

NOTE 10. AGREEMENT WITH THE CITY OF MANVEL, TEXAS

Effective April 2, 2018, the District entered into an agreement with the City of Manvel, Texas ("City"). The agreement was amended June 3, 2019 and April 15, 2024. The District is willing to construct or cause to be constructed certain additional public improvements on behalf of the City in exchange for the City's participation in funding such improvements. The agreement will remain in effect until December 31, 2050, unless earlier terminated.

NOTE 10. AGREEMENT WITH THE CITY OF MANVEL, TEXAS (Continued)

The BC 43 Regional Improvement Fund is a special fund established by the City. The City agrees to pay into this fund an Increment based upon ad valorem taxes and the actual sales tax collections within the District's boundaries. The ad valorem taxes will be equal to 70 percent of the collected by the City within the District's boundaries on taxable property prior to December 31, 2050 (which would include property taxes levied up to and including the 2049 tax year levy). The sales taxes will be equal to 50 percent of the sales and use taxes of the 1 percent collected by the City within the District's boundaries prior to December 31, 2049. The increment includes penalties and interest (capped at a maximum of two years, but not collection fees, collected on delinquent payments). The Increment or other funds in the Regional Improvement Fund may be allocated to contract debt service on bonds of the District or the City for Regional Improvements constructed by the City for specific projects.

The first City payment to the Regional Improvement Fund was due on March 1, 2020 for the tax year 2020 and include all Ad Valorem tax Increment received from the Comptroller from the effective date to that date. During the current year, the District received $297,632 for 2022 Increment from the City. The current year increment was paid to the City of Manvel for its water plant expansion pursuant to Section 3.2 of the Agreement.

Subsequent payments will be made not less than semi-annually equal to amounts collected during the semi-annual period. The District will engage a Sales Tax consultant, at its cost, to assist the District and the City in the collection and allocation of Sales Tax in the District. If this agreement is terminated prior to the end of its term, all funds on the date of termination will be returned to the City. Once all regional improvements, including City improvements are financed or otherwise paid for, the City may use the Increment for any lawful purpose.

The District will design, finance and construct the internal sanitary sewer collection lines to serve the land inside its boundaries; a lift station and force main from the District's boundaries to the City's wastewater collection line located on State Highway 6; internal water facilities to serve the land inside its boundaries; and extend a 12-inch water line from State Highway 6, at Iowa Lane to the District. Upon completion of the water line, the District will have use of 200 equivalent single-family connections ("ESFC") in the City's existing water plant.

The City will provide the District with sufficient water to meet the District's ultimate requirements for water supply, estimated at 600 ESFC as needed and required by the District from the City's existing water plant, subject to the District's construction of the water lines previously described and the payment of $750,000 for the cost of an expansion of the City's water plant. The District paid the City $50,000 for the design of this expansion within 60 days of the agreement. During the current year, the District made total payments of $415,714. The remaining $284,286 will be paid in the next fiscal year. Upon receipt of the design funds, the City was to immediately begin the design and use its best efforts to construct these Regional Improvements to coincide with the first phase of the District's development. Upon completion of these Regional Improvements, the District will own 600 ESFC in the expanded water plant.

NOTE 10. AGREEMENT WITH THE CITY OF MANVEL, TEXAS (Continued)

The District will purchase 200 ESFC of capacity in the City's existing wastewater treatment plant system at a cost of $2,500 per ESFC, for a total cost of $500,000, with the final approval of the first plat for residential or commercial development in the District. The District will purchase the remaining 400 ESFC to serve the District's ultimate requirements in blocks of 100 ESFC as needed at $2,500 per ESFC. The City will expand or provide existing capacity from the City's plant as the ESFC are purchased. During the current year, the District paid $250,000 for 100 ESFC's of capacity.

The District will design, finance and construct Del Bello Boulevard from State Highway 288 to the west boundary line of the Gulf Coast Water Authority ("GCWA") water canal as a four-lane master thoroughfare as a single project in the District's first phase of infrastructure with the first plat within the District, but no later than December 31, 2019.

The District will design, finance and construct the western 2 lanes (Phase 1) of the cross section and drainage facilities for the proposed Manvel Parkway in phases as adjacent property is platted and developed. The remaining eastern 2 lanes (Phase 2) will be constructed no earlier than 10 years from the effective date and when 4 lanes of Manvel Parkway have been extended to the District from the north and from the south, respectively. The District will design, finance and construct the eastern 2 lanes no later than 15 years after the effective date of this agreement. If the City builds the eastern 2 lanes of Manvel Parkway, the cost will be payable from the BC 43 Regional Improvements Fund.

The Regional Improvements will be built by the District using the proceeds of District Bonds, Developer funds, and from direct payments from the Regional Improvement Fund. The TxDOT Ramps at State Highway 288 are considered part of the Regional Improvements and reimbursable from the BC 43 Regional Improvements Fund.

Del Bello Bridge and Dogwood Bridge over the GCWA canal may be designed, constructed and financed by the City as a City Improvement. The District is not required to construct this bridge or pay any cost of these facilities however, these bridges are reimbursable expenses that will be paid to the City from the BC 43 Regional Improvements Fund.

Upon completion of a particular facility, the facility, together will all warranties and maintenance bonds and an appropriate interest in the real property upon which the facility is constructed, shall be conveyed to the City.

The District will convey the 1.785-acre tract of land where the Elevated Storage Tank was constructed at no cost to the City. The District will finance and construct a temporary 2-lane Manvel Parkway bridge over the state ditch, and coordinate the construction of the permanent 4-lane Manvel Parkway bridge.

NOTE 11. BOND SALE

On March 28, 2023, the District issued its $5,500,000 Series 2023 Unlimited Tax Bonds. Bond proceeds were used to reimburse the Developer for advancing funds to construct certain water, wastewater, and drainage facilities serving the District and associated engineering and testing costs; reimburse the Developer for certain water and wastewater capacity fees to the City of Manvel; developer interest; six months of capitalized interest; and administrative and issuance costs associated with the sale of the bonds.

NOTE 12. USE OF SURPLUS FUNDS

During the current year, the District approved the use of $255,326 of surplus funds pursuant to 30 T.A.C. Section 293.83(c)(3)(B). Of this amount, $118,082 was used for costs related to water plant improvements and $137,244 was used to fund a portion of the costs related to 100 ESFCs of wastewater treatment plant capacity.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 29, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED FEBRUARY 29, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 535,798	$ 559,129	$ 23,331
Miscellaneous Revenues	14,400	42,995	28,595
TOTAL REVENUES	$ 550,198	$ 602,124	$ 51,926
EXPENDITURES			
Service Operations:			
Professional Fees	$ 194,476	$ 221,303	$ (26,827)
Contracted Services	21,150	26,638	(5,488)
Utilities	2,400	3,164	(764)
Repairs and Maintenance	72,442	75,265	(2,823)
Other	169,528	28,065	141,463
TOTAL EXPENDITURES	$ 459,996	$ 354,435	$ 105,561
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 90,202	$ 247,689	$ 157,487
OTHER FINANCING SOURCES(USES)			
Transfers In	$ -0-	$ 1,052	$ 1,052
NET CHANGE IN FUND BALANCE	$ 90,202	$ 248,741	$ 158,539
FUND BALANCE-MARCH 1, 2023	831,797	831,797	
FUND BALANCE-FEBRUARY 29, 2024	$ 921,999	$ 1,080,538	$ 158,539

See accompanying independent auditor’s report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

FEBRUARY 29, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 29, 2024

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

N/A	Retail Water	N/A	Wholesale Water	X	Drainage
N/A	Retail Wastewater	N/A	Wholesale Wastewater	N/A	Irrigation
N/A	Parks/Recreation	N/A	Fire Protection	N/A	Security
N/A	Solid Waste/Garbage	N/A	Flood Control	N/A	Roads
N/A	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
N/A	Other (specify): ______________________				

2. RETAIL SERVICE PROVIDERS

5. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order approved N/A.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	N/A				
WASTEWATER:	N/A				
SURCHARGE:	N/A				

District employs winter averaging for wastewater usage? ______ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $ N/A Wastewater: $ N/A Surcharge: $ N/A

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 29, 2024

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	N/A	N/A		N/A
Total Wastewater Connections	N/A	N/A	x 1.0	N/A

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

Gallons pumped into system:	N/A	Water Accountability Ratio: (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	N/A	N/A

See accompanying independent auditor's report.

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

Does the District have Debt Service standby fees? Yes ___ No _X_

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes _X_ No ___

County in which District is located:

Brazoria County, Texas

Is the District located within a city?

Entirely _X_ Partly ___ Not at all ___

City in which District is located:

Manvel, Texas

Are Board Members appointed by an office outside the District?

Yes ___ No _X_

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 29, 2024

PROFESSIONAL FEES:		
Auditing	$	13,750
Engineering		36,375
Financial Advisor		2,100
Legal		169,078
TOTAL PROFESSIONAL FEES	$	221,303
CONTRACTED SERVICES:		
Bookkeeping	$	26,638
UTILITIES	$	3,164
REPAIRS AND MAINTENANCE	$	75,265
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	9,898
Election Costs		1,237
Insurance		6,247
Office Supplies and Postage		2,536
Payroll Taxes		757
Travel and Meetings		598
Other		6,172
TOTAL ADMINISTRATIVE EXPENDITURES	$	27,445
OTHER EXPENDITURES:		
Permit Fees	$	620
TOTAL EXPENDITURES	$	354,435

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
INVESTMENTS
FEBRUARY 29, 2024

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0004	Varies	Daily	$ 990,263	$ - 0 -
DEBT SERVICE FUND					
Texas CLASS	XXXX0003	Varies	Daily	$ 724,670	$
Texas CLASS	XXXX0006	Varies	Daily	861,375	
TOTAL DEBT SERVICE FUND				$ 1,586,045	$ - 0 -
CAPITAL PROJECTS FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 433	$
Texas CLASS	XXXX0005	Varies	Daily	123	
Texas CLASS	XXXX0007	Varies	Daily	794,064	
Texas CLASS	XXXX0008	Varies	Daily	464	
TOTAL CAPITAL PROJECTS FUND				$ 795,084	$ - 0 -
TOTAL - ALL FUNDS				$ 3,371,392	$ - 0 -

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 29, 2024

	Maintenance Taxes		Debt Service Taxes - Utility		Debt Service Taxes - Road	
TAXES RECEIVABLE - MARCH 1, 2023	$ 74,249		$ 53,090		$ 35,965	
Adjustments to Beginning Balance	(2,084)	$ 72,165	(1,501)	$ 51,589	(1,018)	$ 34,947
Original 2023 Tax Levy	$ 487,622		$ 585,146		$ 780,195	
Adjustment to 2023 Tax Levy	11,202	498,824	13,442	598,588	17,923	798,118
TOTAL TO BE ACCOUNTED FOR		$ 570,989		$ 650,177		$ 833,065
TAX COLLECTIONS:						
Prior Years	$ 72,165		$ 51,589		$ 34,947	
Current Year	486,964	559,129	584,356	635,945	779,141	814,088
TAXES RECEIVABLE - FEBRUARY 29, 2024		$ 11,860		$ 14,232		$ 18,977
TAXES RECEIVABLE BY YEAR:						
2023		$ 11,860		$ 14,232		$ 18,977

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 29, 2024

	2023	2022	2021	2020
PROPERTY VALUATIONS:				
Land	$ 45,274,540	$ 32,414,920	$ 23,289,160	$ 11,818,440
Improvements	168,946,721	101,894,612	42,969,033	850,000
Personal Property	17,296,530	15,180,240	13,602,730	0
Exemptions	(31,988,302)	(16,441,181)	(6,041,389)	(1,280,983)
TOTAL PROPERTY VALUATIONS	$ 199,529,489	$ 133,048,591	$ 73,819,534	$ 11,387,457
TAX RATES PER $100 VALUATION:				
Debt Service - Utility	$ 0.30	$ 0.31	$ 0.00	$ 0.00
Debt Service - Road	0.40	0.21		
Maintenance	0.25	0.43	0.95	0.95
TOTAL TAX RATES PER $100 VALUATION	$ 0.95	$ 0.95	$ 0.95	$ 0.95
ADJUSTED TAX LEVY*	$ 1,895,530	$ 1,263,961	$ 701,285	$ 108,181
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.62 %	100.00 %	100.00 %	100.00 %

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

Maintenance Tax-Maximum tax rate of 1.50 per $100 of assessed valuation approved by voters May 10, 2014. An additional $0.25 per $100 of assessed valuation was approved by voters on May 9, 2015, for road facilities.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2024

	S E R I E S - 2 0 2 1 R O A D		
Due During Fiscal Years Ending February 28/29	Principal Due April 1	Interest Due April 1/ October 1	Total
2025	$ 130,000	$ 114,763	$ 244,763
2026	130,000	112,162	242,162
2027	135,000	109,513	244,513
2028	140,000	106,763	246,763
2029	145,000	103,912	248,912
2030	150,000	100,963	250,963
2031	160,000	97,862	257,862
2032	165,000	94,509	259,509
2033	170,000	90,844	260,844
2034	175,000	86,744	261,744
2035	180,000	82,306	262,306
2036	190,000	77,681	267,681
2037	195,000	72,747	267,747
2038	200,000	67,437	267,437
2039	210,000	61,669	271,669
2040	215,000	55,425	270,425
2041	225,000	48,825	273,825
2042	230,000	42,000	272,000
2043	240,000	34,950	274,950
2044	250,000	27,600	277,600
2045	255,000	20,025	275,025
2046	265,000	12,225	277,225
2047	275,000	4,125	279,125
2048			
2049			
2050			
2051			
	$ 4,430,000	$ 1,625,050	$ 6,055,050

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2024

	S E R I E S - 2 0 2 2		
Due During Fiscal Years Ending February 28/29	Principal Due April 1	Interest Due April 1/ October 1	Total
2025	$ 230,000	$ 230,800	$ 460,800
2026	235,000	221,500	456,500
2027	245,000	211,900	456,900
2028	250,000	203,250	453,250
2029	260,000	195,600	455,600
2030	270,000	187,650	457,650
2031	275,000	179,475	454,475
2032	285,000	171,075	456,075
2033	295,000	162,375	457,375
2034	305,000	153,375	458,375
2035	315,000	144,075	459,075
2036	325,000	134,475	459,475
2037	335,000	124,575	459,575
2038	345,000	114,375	459,375
2039	355,000	103,875	458,875
2040	365,000	93,075	458,075
2041	380,000	81,900	461,900
2042	390,000	70,350	460,350
2043	405,000	58,425	463,425
2044	415,000	46,125	461,125
2045	430,000	33,450	463,450
2046	445,000	20,325	465,325
2047	455,000	6,825	461,825
2048			
2049			
2050			
2051			
	$ 7,610,000	$ 2,948,850	$ 10,558,850

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2024

	SERIES-2022A ROAD		
Due During Fiscal Years Ending February 28/29	Principal Due April 1	Interest Due April 1/ October 1	Total
2025	$	$ 462,562	$ 462,562
2026	165,000	455,963	620,963
2027	175,000	442,362	617,362
2028	185,000	427,962	612,962
2029	195,000	414,225	609,225
2030	205,000	401,225	606,225
2031	215,000	387,575	602,575
2032	225,000	374,963	599,963
2033	240,000	363,337	603,337
2034	250,000	351,088	601,088
2035	260,000	338,337	598,337
2036	275,000	324,963	599,963
2037	290,000	310,837	600,837
2038	305,000	295,963	600,963
2039	320,000	280,337	600,337
2040	335,000	263,963	598,963
2041	355,000	246,712	601,712
2042	370,000	228,588	598,588
2043	390,000	209,587	599,587
2044	410,000	189,588	599,588
2045	435,000	168,462	603,462
2046	455,000	146,213	601,213
2047	480,000	122,837	602,837
2048	505,000	98,213	603,213
2049	530,000	72,006	602,006
2050	555,000	44,203	599,203
2051	585,000	14,991	599,991
	$ 8,710,000	$ 7,437,062	$ 16,147,062

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2024

	S E R I E S - 2 0 2 3		
Due During Fiscal Years Ending February 28/29	Principal Due April 1	Interest Due April 1/ October 1	Total
2025	$	$ 252,462	$ 252,462
2026	115,000	248,725	363,725
2027	120,000	241,088	361,088
2028	125,000	233,125	358,125
2029	130,000	224,837	354,837
2030	135,000	216,225	351,225
2031	140,000	207,463	347,463
2032	150,000	199,338	349,338
2033	155,000	191,712	346,712
2034	165,000	184,538	349,538
2035	170,000	177,837	347,837
2036	180,000	170,838	350,838
2037	185,000	163,537	348,537
2038	195,000	155,937	350,937
2039	205,000	147,937	352,937
2040	215,000	139,403	354,403
2041	225,000	130,328	355,328
2042	235,000	120,694	355,694
2043	245,000	110,494	355,494
2044	255,000	99,869	354,869
2045	270,000	88,712	358,712
2046	280,000	77,025	357,025
2047	295,000	64,622	359,622
2048	305,000	51,497	356,497
2049	320,000	37,825	357,825
2050	335,000	23,288	358,288
2051	350,000	7,875	357,875
	$ 5,500,000	$ 3,967,231	$ 9,467,231

See accompanying independent auditor's report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 29, 2024

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending February 28/29	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	$ 360,000	$ 1,060,587	$ 1,420,587
2026	645,000	1,038,350	1,683,350
2027	675,000	1,004,863	1,679,863
2028	700,000	971,100	1,671,100
2029	730,000	938,574	1,668,574
2030	760,000	906,063	1,666,063
2031	790,000	872,375	1,662,375
2032	825,000	839,885	1,664,885
2033	860,000	808,268	1,668,268
2034	895,000	775,745	1,670,745
2035	925,000	742,555	1,667,555
2036	970,000	707,957	1,677,957
2037	1,005,000	671,696	1,676,696
2038	1,045,000	633,712	1,678,712
2039	1,090,000	593,818	1,683,818
2040	1,130,000	551,866	1,681,866
2041	1,185,000	507,765	1,692,765
2042	1,225,000	461,632	1,686,632
2043	1,280,000	413,456	1,693,456
2044	1,330,000	363,182	1,693,182
2045	1,390,000	310,649	1,700,649
2046	1,445,000	255,788	1,700,788
2047	1,505,000	198,409	1,703,409
2048	810,000	149,710	959,710
2049	850,000	109,831	959,831
2050	890,000	67,491	957,491
2051	935,000	22,866	957,866
	$ 26,250,000	$ 15,978,193	$ 42,228,193

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 29, 2024

Description	Original Bonds Issued	Bonds Outstanding March 1, 2023
Brazoria County Municipal Utility District No. 43 Unlimited Tax Road Bonds - Series 2021	$ 4,430,000	$ 4,430,000
Brazoria County Municipal Utility District No. 43 Unlimited Tax Bonds - Series 2022	7,610,000	7,610,000
Brazoria County Municipal Utility District No. 43 Unlimited Tax Road Bonds - Series 2022A	8,710,000	8,710,000
Brazoria County Municipal Utility District No. 43 Unlimited Tax Bonds - Series 2023	5,500,000	
TOTAL	$ 26,250,000	$ 20,750,000

Bond Authority:	Tax Bonds*	Road Bonds	Park and Recreation Bonds
Amount Authorized by Voters	$ 282,750,000	$ 70,200,000	$ 37,310,000
Amount Issued	13,110,000	13,140,000	
Remaining to be Issued	$ 269,640,000	$ 57,060,000	$ 37,310,000

Debt Service Fund cash and investment balances as of February 29, 2024:	$ 2,056,614
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,564,007

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	February 29, 2024	Paying Agent
$	$	$ 116,063	$ 4,430,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
		235,400	7,610,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
		376,474	8,710,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
5,500,000		128,335	5,500,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
$ 5,500,000	$ - 0 -	$ 856,272	$ 26,250,000	

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	$ 559,129	$ 641,888	$ 559,251
Penalty and Interest			835
Miscellaneous Revenues	42,995	14,921	247
TOTAL REVENUES	$ 602,124	$ 656,809	$ 560,333
EXPENDITURES			
Professional Fees	$ 221,303	$ 167,779	$ 143,178
Contracted Services	26,638	23,663	21,130
Utilities	3,164	3,021	1,877
Repairs and Maintenance	75,265	81,266	1,844
Other	28,065	26,499	33,330
Bond Issuance Costs		3,052	8,410
TOTAL EXPENDITURES	$ 354,435	$ 305,280	$ 209,769
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 247,689	$ 351,529	$ 350,564
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ 1,052	$ 123,890	$ 19,679
Developer Advances			136,044
TOTAL OTHER FINANCING SOURCES (USES)	$ 1,052	$ 123,890	$ 155,723
NET CHANGE IN FUND BALANCE	$ 248,741	$ 475,419	$ 506,287
BEGINNING FUND BALANCE	831,797	356,378	(149,909)
ENDING FUND BALANCE	$ 1,080,538	$ 831,797	$ 356,378

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
$ 102,636	$ 28,634	92.9 %	97.7 %	99.8 %	99.3 %	99.1 %
7				0.2		
707	271	7.1	2.3		0.7	0.9
$ 103,350	$ 28,905	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 180,117	$ 131,383	36.8 %	25.5 %	25.6 %	174.3 %	454.5 %
13,557	8,174	4.4	3.6	3.8	13.1	28.3
677		0.5	0.5	0.3	0.7	
29,200		12.5	12.4	0.3	28.3	
30,879	23,554	4.7	4.0	5.9	29.9	81.5
			0.4	1.5		
$ 254,430	$ 163,111	58.9 %	46.4 %	37.4 %	246.3 %	564.3 %
$ (151,080)	$ (134,206)	41.1 %	53.6 %	62.6 %	(146.3) %	(464.3) %
$	$					
247,000	230,800					
$ 247,000	$ 230,800					
$ 95,920	$ 96,594					
(245,829)	(342,423)					
$ (149,909)	$ (245,829)					

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	$ 1,450,033	$ 602,797	$
Tax Increment		145,450	36,095
Penalty and Interest	6,344	8,718	
Miscellaneous Revenues	54,586	29,316	44
TOTAL REVENUES	$ 1,510,963	$ 786,281	$ 36,139
EXPENDITURES			
Tax Collection Expenditures	$ 19,092	$ 14,978	$
Debt Service Interest and Fees	857,772	218,475	
TOTAL EXPENDITURES	$ 876,864	$ 233,453	$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 634,099	$ 552,828	$ 36,139
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$ 126,231	$ 442,263	$ 174,094
NET CHANGE IN FUND BALANCE	$ 760,330	$ 995,091	$ 210,233
BEGINNING FUND BALANCE	1,205,324	210,233	
ENDING FUND BALANCE	$ 1,965,654	$ 210,233	$ 210,233
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

2021	2020	Percentage of Total Revenues 2024	2023	2022	2021	2020
$	$	96.0 %	76.7 %	%	%	%
			18.5	99.9		
		0.4	1.1			
		3.6	3.7	0.1		
$	$	100.0 %	100.0 %	100.0 %	%	%
$	$	1.2 %	1.9 %	%	%	%
		56.8	27.8			
$	$	58.0 %	29.7 %	%	%	%
$	$	42.0 %	70.3 %	100.0 %	N/A %	N/A %
$	$					
$	$					
N/A	N/A					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 29, 2024

District Mailing Address	-	Brazoria County Municipal Utility District No. 43 c/o The Muller Law Group, PLLC 202 Century Square Boulevard Sugar Land, TX 77478
District Telephone Number	-	(281) 500-6050

Board Members:	Term of Office (Elected or Appointed)	Fees of office for the year ended February 29, 2024	Expense reimbursements for the year ended February 29, 2024	Title
Steve Sheldon	05/2020 05/2024 (Elected)	$ 2,439	$ 266	President
Jeff Nielsen	05/2022 05/2026 (Elected)	$ 1,405	$ 197	Vice President
Dayne Burson	05/2022 05/2026 (Elected)	$ 1,547	$ -0-	Assistant Vice President
Gay Thompson	05/2020 05/2024 (Elected)	$ 2,439	$ 87	Secretary
Robert Walters	05/2022 05/2026 (Elected)	$ 2,068	$ 47	Assistant Secretary

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

Submission date of most recent District Registration Form: June 6, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution (TWC Section 49.060). Fees of Office are the amounts paid to a Director during the District's current year.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 43
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 29, 2024

Consultants:	Date Hired	Fees / Compensation for the year ended February 29, 2024	Title
The Muller Law Group, PLLC	01/31/17	$ 170,316	General Counsel
		$ 140,000	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	03/06/17	$ 13,750	Auditor
		$ 15,600	Bond Related
McLennan & Associates	09/25/13	$ 32,860	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/16/14	$ 734	Delinquent Tax Attorney
LJA Engineers & Surveying, Inc.	08/02/13	$ 41,192	Engineer
The GMS Group, L.L.C.	09/25/13	$ 2,100	Financial Advisor
		$ 97,045	Bond Related
Assessments of the Southwest, Inc.	09/01/13	$ 7,848	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)