

OFFICIAL STATEMENT DATED FEBRUARY 25, 2025

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE SERIES 2025 BONDS (DEFINED BELOW) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE 2025 BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Series 2025 Bonds have NOT been designated "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

S&P Global Ratings (Series 2025A Bonds - BAM Insured) "AA"

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 250

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

\$10,805,000
Contract Revenue Bonds
Series 2025

\$2,670,000
Contract Revenue Bonds
Taxable Series 2025A

Dated: March 1, 2025

Interest Accrues from: Date of Delivery

Due: November 1, as shown on inside cover

The \$10,805,000 Contract Revenue Bonds, Series 2025 (the "Series 2025 Bonds"), and the \$2,670,000 Contract Revenue Bonds, Taxable Series 2025A (the "Series 2025A Bonds," and together with the Series 2025 Bonds, the "Bonds"), are special obligations of Fort Bend County Municipal Utility District No. 250 (the "Regional District") payable solely from and to the extent of payments contractually required of the municipal utility districts within the Service Area (herein defined) that have executed the Regional District Contract (herein defined) (the "Participants") from proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by each Participant on all taxable property within the boundaries of each respective Participant or from other revenues lawfully available to such Participant (the "Contract Payments"). Payment of the Contract Payments by the Participants and use of such proceeds by the Regional District to pay debt service on the Bonds is governed by the Regional District Contract (herein defined) as described more fully under "REGIONAL DISTRICT CONTRACT." The Bonds are special obligations of the Regional District payable solely from the Contract Payments and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Rosenberg, Texas (the "City"); any of the Participants (except the Regional District); or any entity other than the Regional District.

Principal of the Bonds is payable upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). The Bonds are dated March 1, 2025 (the "Dated Date"), and will accrue interest from the initial date of delivery, which is expected to be on or about March 27, 2025 (the "Date of Delivery"), with interest payable on November 1, 2025, and on each May 1 and November 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds will be payable by check dated as of the Interest Payment Date and mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date"). The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof.

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

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

The scheduled payment of principal of and interest on the Series 2025A Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2025A Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM")**.



The Bonds, when issued, will constitute valid and legally binding obligations of the Regional District and will be payable from the Contract Payments, as further described herein. See "THE BONDS – Source of Payment."

Investment in the Bonds is subject to certain risk factors as described herein. Prospective purchasers should review this entire Official Statement, including particularly the section of this Official Statement entitled "RISK FACTORS," before making an investment decision. See "RISK FACTORS."

The Bonds are offered subject to prior sale, when, as and if issued by the Regional District and accepted by the winning bidders for the Bonds (the "Initial Purchasers"), subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about March 27, 2025.

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

\$10,805,000 Contract Revenue Bonds, Series 2025

\$590,000 Serial Bonds

Maturity (November 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 346776 (b)	Maturity (November 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 346776 (b)
2026	\$ 55,000	6.750%	4.000%	AA5	2031 (c)	\$ 70,000	6.750%	4.000%	AF4
2027	55,000	6.750%	4.000%	AB3	2032 (c)	70,000	6.750%	4.050%	AG2
2028	60,000	6.750%	4.000%	AC1	2033 (c)	80,000	6.750%	4.100%	AH0
2029	60,000	6.750%	4.000%	AD9	2034 (c)	75,000	6.375%	4.150%	AJ6
2030	65,000	6.750%	4.000%	AE7					

\$10,215,000 Term Bonds

\$1,490,000 Term Bonds Due November 1, 2037 (c)(d), Interest Rate: 4.250% (Price: \$100.000) (a), CUSIP No. 346776 AM9 (b)
 \$1,125,000 Term Bonds Due November 1, 2039 (c)(d), Interest Rate: 4.250% (Price: \$99.458) (a), CUSIP No. 346776 AP2 (b)
 \$1,240,000 Term Bonds Due November 1, 2041 (c)(d), Interest Rate: 4.375% (Price: \$99.704) (a), CUSIP No. 346776 AR8 (b)
 \$1,365,000 Term Bonds Due November 1, 2043 (c)(d), Interest Rate: 4.500% (Price: \$100.000) (a), CUSIP No. 346776 AT4 (b)
 \$1,505,000 Term Bonds Due November 1, 2045 (c)(d), Interest Rate: 4.500% (Price: \$98.674) (a), CUSIP No. 346776 AV9 (b)
 \$1,660,000 Term Bonds Due November 1, 2047 (c)(d), Interest Rate: 4.500% (Price: \$97.230) (a), CUSIP No. 346776 AX5 (b)
 \$1,830,000 Term Bonds Due November 1, 2049 (c)(d), Interest Rate: 4.250% (Price: \$92.787) (a), CUSIP No. 346776 AZ0 (b)

\$2,670,000 Contract Revenue Bonds, Taxable Series 2025A

\$1,310,000 Serial Bonds

Maturity (November 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 346776 (b)	Maturity (November 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 346776 (b)
2026	\$235,000	6.250%	4.400%	BA4	2029	\$275,000	6.000%	4.700%	BD8
2027	245,000	6.250%	4.500%	BB2	2030	295,000	6.000%	4.800%	BE6
2028	260,000	6.250%	4.600%	BC0					

\$1,360,000 Term Bonds

\$640,000 Term Bonds Due November 1, 2032 (c)(d), Interest Rate: 4.750% (Price: \$99.053) (a), CUSIP No. 346776 BG1 (b)
 \$720,000 Term Bonds Due November 1, 2034 (c)(d), Interest Rate: 4.750% (Price: \$98.108) (a), CUSIP No. 346776 BJ5 (b)

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchasers (herein defined). Initial reoffering yields represent the initial offering price, which may be changed for subsequent purchasers. The initial yield indicated above represents the lower of the yields resulting when priced to maturity or to the first call date.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) Bonds maturing on November 1, 2031, and thereafter, shall be subject to redemption and payment at the option of the Regional District, in whole or from time to time in part on November 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds – *Optional Redemption.*"
- (d) Subject to mandatory sinking fund redemption as provided under "THE BONDS – Redemption of the Bonds – *Mandatory Redemption.*"

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2025A Bonds or the advisability of investing in the Series 2025A 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 "MUNICIPAL BOND INSURANCE" and "APPENDIX C."

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2025 Bonds, the Regional District has accepted the bid resulting in the lowest net effective interest rate to the Regional District, which was tendered by SAMCO Capital Markets, Inc. (the "Series 2025 Bonds Initial Purchaser") to purchase the Series 2025 Bonds bearing the interest rates shown on the inside cover under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.001665% of the par value thereof, which resulted in a net effective interest rate of 4.594308%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

After requesting competitive bids for the Series 2025A Bonds, the Regional District has accepted the bid resulting in the lowest net effective interest rate to the Regional District, which was tendered by SAMCO Capital Markets, Inc. (the "Series 2025A Bonds Initial Purchaser," and together with the Series 2025 Bonds Initial Purchaser, the "Initial Purchasers") to purchase the Series 2025A Bonds bearing the interest rates shown on the inside cover under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" at a price of 97.039768% of the par value thereof, which resulted in a net effective interest rate of 5.655824%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchasers 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 PURCHASERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

Delivery of Official Statements

The Regional District shall furnish to the Initial Purchasers (and to each participating underwriter of the Bonds, within the meaning of the Rule, designated by the Initial Purchasers), within seven (7) business days after the sale date, the aggregate number of Official Statements agreed upon between the Regional District and the Initial Purchasers. The Regional District also shall furnish to the Initial Purchasers a like number of any supplements or amendments approved and authorized for distribution by the Regional District for dissemination to potential underwriters of the Bonds, as well as such additional copies of this Official Statement or any such supplements or amendments as the Initial Purchasers may reasonably request prior to the 90th day after the end of the underwriting period described in the Rule.

The Regional District shall pay the expense of preparing the number of copies of this Official Statement agreed upon between the Regional District and the Initial Purchasers and an equal number of any supplements or amendments issued on or before the delivery date, but the Initial Purchasers shall pay for all other copies of this Official Statement or any supplement or amendment thereto.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Series 2025A Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Series 2025A Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Series 2025A Bonds when due as set forth in the form of the Policy included as an exhibit 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: www.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 (“S&P”), a business unit of S&P. An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the 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 Series 2025A 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 Series 2025A Bonds.

BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2025A 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 Series 2025A Bonds, nor does it guarantee that the rating on the Series 2025A Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$498.6 million, \$253.4 million and \$245.2 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 www.buildamerica.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 Series 2025A Bonds or the advisability of investing in the Series 2025A 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 “MUNICIPAL 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 Series 2025A 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 Series 2025A Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2025A Bonds, whether at the initial offering or otherwise.

MUNICIPAL BOND RATING

The Series 2025A Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the Policy for the Series 2025A Bonds by BAM at the time of delivery of the Series 2025A Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The Regional District has not made an application for an underlying rating on the Bonds. Furthermore, it is not expected that the Regional District would have been successful in obtaining an investment-grade rating on the Bonds had such application been made.

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The IssuerFort Bend County Municipal Utility District No. 250 (the “Regional District” or, in its capacity as a Participant (herein defined), “MUD 250”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE REGIONAL DISTRICT.”

The Bonds.....The \$10,805,000 Contract Revenue Bonds, Series 2025 (the “Series 2025 Bonds”), and the \$2,670,000 Contract Revenue Bonds, Taxable Series 2025A (the “Series 2025A Bonds,” and together with the Series 2025 Bonds, the “Bonds”), are dated March 1, 2025, and mature on November 1 in the years and in the principal amounts as shown on the inside cover page hereof. The Bonds will accrue interest from the initial date of delivery, which is expected to be on or about March 27, 2025 (the “Date of Delivery”), with interest payable November 1, 2025, and on each May 1 and November 1 thereafter until the earlier of stated maturity or redemption.

Redemption of the Bonds.....The Bonds that mature on and after November 1, 2031, are subject to redemption, in whole or from time to time in part, on November 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See “THE BONDS – Redemption of the Bonds – *Optional Redemption.*”

The Series 2025 Bonds maturing on November 1, 2026, through November 1, 2034, both inclusive, are serial bonds. The Series 2025 Bonds maturing on November 1 in the years 2037, 2039, 2041, 2043, 2045, 2047, and 2049 are term bonds, which are subject to mandatory sinking fund redemption provisions set out herein under “THE BONDS – Redemption of the Bonds – *Mandatory Redemption.*”

The Series 2025A Bonds maturing on November 1, 2026, through November 1, 2030, both inclusive, are serial bonds. The Series 2025A Bonds maturing on November 1 in the years 2032 and 2034 are term bonds, which are subject to mandatory sinking fund redemption provisions set out herein under “THE BONDS – Redemption of the Bonds – *Mandatory Redemption.*”

Book-Entry-Only System.....The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by BOKF, NA, Dallas, Texas (the “Paying Agent/Registrar”), to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See “THE BONDS – Book-Entry-Only System.”

Source of Payment.....Principal of and interest on the Bonds are payable from and secured by payments required of the Participants (herein defined) within the Service Area (herein defined) from proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by each Participant on all taxable property within the boundaries of each respective Participant or from other revenues lawfully available to such Participant (the “Contract Payments”).

Upon issuance of the Bonds, the Regional District will establish a debt service fund to pay the principal of and interest on the Contract Revenue

System Bonds (herein defined), such as the Bonds (the “Contract Revenue System Debt Service Fund”).

Contract Payments by Participants and use of such proceeds by the Regional District to pay debt service on the Bonds is governed by the Contract for Financing, Operation, and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Parks, Road, and Other Joint Facilities (the “Regional District Contract”) which has been entered into by the Regional District and the Participants. By execution of the Regional District Contract, each Participant has agreed to pay a pro rata share of the debt service on the Contract Revenue Bonds (herein defined), including the Bonds, which share is based upon the appraised valuation subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant, and any optional exemption or special value claimed by a landowner due to use for agricultural, open space, timberland, or other similar uses (the “Gross Certified Assessed Valuation”) of each Participant as a percentage of the Gross Certified Assessed Valuation of all Participants, calculated annually.

Each Participant is contractually obligated to make the Contract Payments from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on taxable property within its boundaries (the “Contract Tax”), from revenues derived from the operations of such Participant’s water distribution and wastewater collection systems, or from any other lawful sources of such Participant’s income. No Participant is liable for the payments owed by any other Participant; however, failure of any Participant to make its Contract Payment, as required by the Regional District Contract, could result in an increase in the Contract Payment amount paid by each of the Participants during the time that such Participant’s payment is delinquent, as the Participants would have to replenish its respective coverage in the Regional District debt service fund.

The Bonds are special obligations of the Regional District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Rosenberg, Texas (the “City”); any of the Participants (except the Regional District in its capacity as the Regional District); or any entity other than the Regional District. See “THE BONDS – Source of Payment,” “THE BONDS – Unconditional Obligation to Pay,” and “REGIONAL DISTRICT CONTRACT.”

Authority for Issuance.....The Series 2025 Bonds are issued by the Regional District pursuant to the Regional District Contract approved by the voters of each Participant; the terms and conditions of the bond resolution authorizing the issuance of the Series 2025 Bonds (the “Series 2025 Bond Resolution”) adopted by the Board of Directors of the Regional District (the “Board”) on the date of sale of the Series 2025 Bonds; an order of the Texas Commission on Environmental Quality (the “TCEQ”); an election held within the Regional District and passed by a majority of the participating voters; Chapter 7943A of the Special District Local Laws Code (the “Act”); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

The Series 2025A Bonds are issued by the Regional District pursuant to the Regional District Contract approved by the voters of each Participant; the terms and conditions of the bond resolution authorizing the issuance of the Series 2025A Bonds (the “Series 2025A Bond Resolution”) adopted by the Board on the date of sale of the Series 2025A Bonds; an order of the TCEQ; an election held within the Regional District and passed by a majority of the participating voters; the Act; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas. See “THE BONDS – Authority for Issuance,” “THE

BONDS – Issuance of Additional Debt,” “REGIONAL DISTRICT CONTRACT,” and “RISK FACTORS – Future Debt.”

Payment Record	The Bonds represent the Regional District’s first and second issuance of Contract Revenue Bonds.
Short-Term Debt	The Regional District issued its \$5,950,000 Bond Anticipation Note, Series 2024 (the “BAN”), dated May 29, 2024. The BAN matures on May 28, 2025, and accrues interest at a rate of 6.06% per annum, calculated on the basis of actual days elapsed. The Regional District anticipates that it will use a portion of the proceeds from the sale of the Series 2025 Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer (herein defined) for a portion of the costs of the improvements and related costs shown under “THE BONDS – Use and Distribution of Proceeds of Series 2025 Bonds.”
Use of Proceeds of Series 2025 Bonds.....	Proceeds from the sale of the Series 2025 Bonds will be used by the Regional District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the costs related to certain of the improvements as shown under “THE BONDS – Use and Distribution of Proceeds of Series 2025 Bonds.” Proceeds from the sale of the Series 2025 Bonds will also be used to reimburse the Developer for the portion of the costs of improvements that were not reimbursed by the BAN. In addition, proceeds of the Series 2025 Bonds will be used to pay eighteen (18) months of capitalized interest on the Series 2025 Bonds, developer interest, operating costs and other certain costs associated with the issuance of the Series 2025 Bonds and the BAN. See “THE BONDS – Use and Distribution of Proceeds of Series 2025 Bonds.”
Use of Proceeds of Series 2025A Bonds.....	Proceeds from the sale of the Series 2025A Bonds will be used by the Regional District to pay for the costs as set forth under “THE BONDS – Use and Distribution of Proceeds of Series 2025A Bonds.” Additionally, proceeds from the sale of the Series 2025A Bonds will be used to pay for eighteen (18) months of capitalized interest on the Series 2025A Bonds, operating costs and certain costs associated with the issuance of the Series 2025A Bonds. See “THE BONDS – Use and Distribution of Proceeds of Series 2025A Bonds.”
Not Qualified Tax-Exempt Obligations.....	The Series 2025 Bonds are not “qualified tax-exempt obligations” for financial institutions.
Municipal Bond Insurance.....	Series 2025A Bonds: Build America Mutual Assurance Company (“BAM”). See “MUNICIPAL BOND INSURANCE.”
Municipal Bond Rating.....	S&P Global Ratings (Series 2025A - BAM Insured): “AA” (stable outlook). See “MUNICIPAL BOND RATING.”
Bond Counsel.....	Allen Boone Humphries Robinson LLP, Houston, Texas.
Disclosure Counsel.....	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor	Robert W. Baird & Co. Incorporated, Houston, Texas.
Regional District Engineer.....	Quiddity Engineering, LLC, Houston, Texas.
Paying Agent/Registrar	BOKF, NA, Dallas, Texas.

THE REGIONAL DISTRICT

Description.....	The Regional District is a political subdivision of the State of Texas that was created by House Bill No. 4634, an act of the 87th Legislature, Regular Session, effective May 27, 2021, and codified as Chapter 7943A of the Special District Local Laws Code. The rights, powers, privileges, authority, and functions of the Regional District are established by the general laws of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; Article XVI, Section 59; Article III, Section 52 of the Texas Constitution; and the Act. See “THE REGIONAL DISTRICT.”
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The Service Area and ParticipantsThe Regional District serves as the provider of regional water, wastewater, drainage, park/recreational, and road facilities to the approximate 930-acre service area ("Service Area") that encompasses the development of the master-planned community known as Emberly.

The Service Area is located entirely within Fort Bend County, Texas, partially within the extraterritorial jurisdiction of the City of Rosenberg, Texas, and entirely within the boundaries of Lamar Consolidated Independent School District. The Service Area is situated south of US Highway 59 and is located approximately 17 miles southwest of the City of Rosenberg, Texas.

The Service Area includes certain land that is within or intended to be annexed into the following municipal utility districts: MUD 250, Fort Bend County Municipal Utility District No. 250A ("MUD 250A"), Fort Bend County Municipal Utility District No. 250B ("MUD 250B"), Fort Bend County Municipal Utility District No. 250C ("MUD 250C"), and Fort Bend County Municipal Utility District No. 250D ("MUD 250D").

Currently, MUD 250 in its capacity as a participant, MUD 250A, and MUD 250B have executed the Regional District Contract with the Regional District. Such three districts are referred to herein as the "Participants." MUD 250 currently encompasses approximately 7.825 acres, MUD 250A currently encompasses approximately 361.938 acres, and MUD 250B currently encompasses approximately 1.761 acres. The Board of Directors of MUD 250A approved a petition for the annexation of approximately 268.969 acres, which was annexed into the District on January 28, 2025. After annexation of the approximately 268.969 acres, MUD 250A currently encompasses a total of approximately 630.907 acres. MUD 250A is the only Participant that has experienced development activity to date.

MUD 250C and MUD 250D are within the Service Area but are undeveloped and have not entered into a Regional District Contract. Each may do so in the future, at which time such district will become a Participant.

The ParticipantsBy execution of the Regional District Contract, each Participant is obligated to pay its pro rata share of debt service on bonds issued by the Regional District to finance Regional District Facilities (herein defined), including the Bonds. See "THE BONDS – Issuance of Additional Debt" and "REGIONAL DISTRICT CONTRACT."

Each Participant operates under the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, applicable to municipal utility districts created under Section 59, Article XVI of the Texas Constitution and is authorized to construct and finance road projects as provided under Section 52, Article III of the Texas Constitution. To serve the property within their boundaries, the Participants have the powers to construct, acquire, operate, maintain, and finance water, wastewater, drainage, road, and park and recreational facilities. See "THE PARTICIPANTS."

Development within the Service AreaCurrently, development activity in the Service Area is active and ongoing only within the boundaries of MUD 250A. Within MUD 250A, approximately 143.96 acres (648 lots) have been developed as the single-family residential subdivisions of Emberly, Sections 1–5, and 8. In addition, Emberly Sections 6 and 7 are currently under construction, and upon expected completion of such sections in the first quarter of 2025, an additional 50.46 acres within MUD 250A will include an additional 232 single-family lots.

As of January 14, 2025, approximately 334 homes were complete (approximately 233 occupied, approximately 94 unoccupied, and approximately 7 model homes), approximately 19 homes were under construction, and approximately 295 lots were developed and vacant.

The remaining acreage within the Service Area consists of approximately 235.797 undeveloped but developable acres and approximately 200.690 undevelopable acres.

The DeveloperAstro Rosenberg, L.P., a Delaware limited partnership (the “Developer”), is the primary developer of land in the Service Area. The Developer was established by Mr. Al Brende and Starwood Land Astro Venture LP as a special purpose entity for the purpose of developing land and marketing developed land within the Service Area. Starwood Land Astro Venture LP has entered into a management agreement with Land Tejas Companies, Ltd. for the purpose of managing the day-to-day development activities within the Service Area. See “THE DEVELOPER.”

Homebuilders within the Service AreaThe homebuilders active within the Service Area are Davidson Homes, DSLD Homes, Lennar Homes, LGI Homes, and Tricoast Homes. Prices of new homes being constructed within the Service Area range in price from approximately \$220,000 to \$400,000 and range in size from approximately 1,400 to 2,700 square feet. See “THE REGIONAL DISTRICT – Homebuilders Active Within the Service Area.”

RISK FACTORS

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

Contract Revenue Bonds of the Regional District

Gross Assessed Valuation of the Participants as of January 1, 2024	\$ 37,028,512	(a)
Estimated Gross Assessed Valuation of the Participants as of November 1, 2024.....	\$ 104,300,541	(b)
Regional Direct Debt:		
The Series 2025 Bonds.....	\$ 10,805,000	
The Series 2025A Bonds	<u>\$ 2,670,000</u>	
Total Direct Debt.....	\$ 13,475,000	
Estimated Overlapping Debt	<u>\$ 3,909,863</u>	
Total Direct and Estimated Overlapping Debt.....	\$ 17,384,863	
Direct Debt Ratios:		
As a Percentage of the 2024 Gross Assessed Valuation of the Participants.....	36.39	%
As a Percentage of the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024	12.92	%
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of the 2024 Gross Assessed Valuation of the Participants.....	46.95	%
As a Percentage of the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024	16.67	%

Regional District Funds

Contract Revenue System Debt Service Fund Balance (as of Delivery of the Bonds)	\$ 947,409	(c)(d)
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- (a) Represents the gross assessed valuation as of January 1, 2024, of all taxable property of all Participants in the Service Area, as provided by the Fort Bend Central Appraisal District. See "TAXING PROCEDURES" and "TAX DATA."
 - (b) This amount is an estimate of the gross assessed value as of November 1, 2024, of all taxably property located within all Participants in the Service Area as provided by the Fort Bend Central Appraisal District. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
 - (c) Represents eighteen (18) months of capitalized interest on the Series 2025 Bonds and the Series 2025A Bonds that will be deposited into the Contract Revenue System Debt Service Fund upon closing and delivery of the Bonds. Neither Texas law nor the Bond Resolutions require that the Regional District maintain any particular sum in the Contract Revenue System Debt Service Fund.
 - (d) Each Participant is obligated to pay a pro rata share of debt service on the Contract Revenue Bonds by the dates specified in the Regional District Contract. See "THE BONDS – Contract Payments by the Participants," "THE BONDS – Unconditional Obligation to Pay," and "REGIONAL DISTRICT CONTRACT."

Debt Service Requirements on the Bonds

Average Annual Debt Service Requirement (2025–2049)	\$	912,641	(a)
Maximum Annual Debt Service Requirement (2049).....	\$	974,738	(a)

Contract Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay

Average Annual Debt Service Requirement (2025–2049) at 95% Tax Collections:

Based on the 2024 Gross Assessed Valuation of the Participants	\$2.60
Based on the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024	\$0.93

Contract Tax Rate per \$100 of Taxable Assessed Valuation Required to Pay

Maximum Annual Debt Service Requirement (2049) at 95% Tax Collections:

Based on the 2024 Gross Assessed Valuation of the Participants	\$2.78
Based on the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024	\$0.99

Assessed Valuations of the Participants

Participant	2024 Gross Assessed Valuation (b)	Percent of Total	Estimated Gross Assessed Valuation November 1, 2024 (c)	Percent of Total
MUD 250	\$ 180,595	0.49%	\$ 180,595	0.17%
MUD 250A	36,738,314	99.22%	104,010,343	99.72%
MUD 250B	109,603	0.30%	109,603	0.11%
Total	\$ 37,028,512	100.00%	\$ 104,300,541	100.00%

(a) Requirement of debt service on the Bonds.

(b) Represents the gross assessed valuation as of January 1, 2024, of all taxable property of all Participants in the Service Area, as provided by the Fort Bend Central Appraisal District. See "TAXING PROCEDURES" and "TAX DATA."

(c) This amount is an estimate of the gross assessed value as of November 1, 2024, of all taxably property located within the Participants in the Service Area as provided by the Fort Bend Central Appraisal District. No taxes will be levied on these estimated values. See "TAX DATA" and "TAXING PROCEDURES."

Status of Development of the Participants as of January 14, 2025

Participant	Total Acreage	Completed Lots	Occupied Completed Homes	Unoccupied Completed Homes	Homes Under Construction	Vacant Developed Lots	Lots Under Development
MUD 250	7.8250	0	0	0	0	0	0
MUD 250A	630.907	648	233	101 (a)	19	295	232
MUD 250B	1.7613	0	0	0	0	0	0
Total	640.4933	648	233	101 (a)	19	295	232

(a) Includes 14 completed homes under contract for purchase by a homebuyer, 80 completed homes not under contract for purchase, and 7 completed model homes.

Selected Tax Data

Participant	2024 Debt Service Tax Rate	2024 Maintenance Tax Rate	2024 Contract Tax Rate (a)	2024 Total Tax Rate
MUD 250	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
MUD 250A	0.000	1.500	0.000	1.500
MUD 250B	0.000	0.000	0.000	0.000

(a) The Regional District Contract provides that a Participant may make Contract Payments from the proceeds of the Contract Tax or from any other lawful sources, which include proceeds from the Participant's levy of a maintenance tax rate and operating funds advanced by the Developer. See "RISK FACTORS – Dependence on Major Taxpayers and the Developer."

Debt Service Requirement Schedule

The following schedule sets forth the principal and interest requirements of the Series 2025 Bonds, the principal and interest requirements of the Series 2025A Bonds, and the combined total annual debt service requirements of the Bonds. Totals may not sum due to rounding.

Year	Series 2025 Bonds			Series 2025A Bonds			Total Debt Service
	Principal	Interest	Total Debt Service	Principal	Interest	Total Debt Service	
2025	\$ -	\$ 289,231	\$ 289,231	\$ -	\$ 86,224	\$ 86,224	\$ 375,455
2026	55,000	486,556	541,556	235,000	145,050	380,050	921,606
2027	55,000	482,844	537,844	245,000	130,363	375,363	913,206
2028	60,000	479,131	539,131	260,000	115,050	375,050	914,181
2029	60,000	475,081	535,081	275,000	98,800	373,800	908,881
2030	65,000	471,031	536,031	295,000	82,300	377,300	913,331
2031	70,000	466,644	536,644	310,000	64,600	374,600	911,244
2032	70,000	461,919	531,919	330,000	49,875	379,875	911,794
2033	80,000	457,194	537,194	350,000	34,200	384,200	921,394
2034	75,000	451,794	526,794	370,000	17,575	387,575	914,369
2035	475,000	447,013	922,013	-	-	-	922,013
2036	495,000	426,825	921,825	-	-	-	921,825
2037	520,000	405,788	925,788	-	-	-	925,788
2038	550,000	383,688	933,688	-	-	-	933,688
2039	575,000	360,313	935,313	-	-	-	935,313
2040	605,000	335,875	940,875	-	-	-	940,875
2041	635,000	309,406	944,406	-	-	-	944,406
2042	665,000	281,625	946,625	-	-	-	946,625
2043	700,000	251,700	951,700	-	-	-	951,700
2044	735,000	220,200	955,200	-	-	-	955,200
2045	770,000	187,125	957,125	-	-	-	957,125
2046	810,000	152,475	962,475	-	-	-	962,475
2047	850,000	116,025	966,025	-	-	-	966,025
2048	895,000	77,775	972,775	-	-	-	972,775
2049	935,000	39,738	974,738	-	-	-	974,738
Total	\$ 10,805,000	\$ 8,516,993	\$ 19,312,993	\$ 2,670,000	\$ 824,037	\$ 3,494,037	\$ 22,816,030
Average Annual Debt Service Requirement (2025-2049).....							\$ 912,641
Maximum Annual Debt Service Requirement (2049).....							\$ 974,738

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 250

\$10,805,000
Contract Revenue Bonds
Series 2025

\$2,670,000
Contract Revenue Bonds
Taxable Series 2025A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 250 (the "Regional District" or, in its capacity as a Participant (herein defined), "MUD 250") of the \$10,805,000 Contract Revenue Bonds, Series 2025 (the "Series 2025 Bonds") and the \$2,670,000 Contract Revenue Bonds, Taxable Series 2025A (the "Series 2025A Bonds," and together with the Series 2025 Bonds, the "Bonds").

The Series 2025 Bonds are issued by the Regional District pursuant to the Regional District Contract (herein defined) approved by the voters of each of the Participants; the terms and conditions of the bond resolution authorizing the issuance of the Series 2025 Bonds (the "Series 2025 Bond Resolution") adopted by the Board of Directors of the Regional District (the "Board") on the date of sale of the Series 2025 Bonds; an order of the Texas Commission on Environmental Quality (the "TCEQ"); an election held within the Regional District and passed by a majority of the participating voters; House Bill No. 4634, an act of the 87th Legislature, Regular Session, effective May 27, 2021, and codified as Chapter 7943A of the Special District Local Laws Code (the "Act"); Article XVI, Section 59 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

The Series 2025A Bonds are issued by the Regional District pursuant to the Regional District Contract (herein defined) approved by the voters of each of the Participants; the terms and conditions of the bond resolution authorizing the issuance of the Series 2025A Bonds (the "Series 2025A Bond Resolution" and together with the Series 2025 Bond Resolution, the "Bond Resolutions") adopted by the Board on the date of sale of the Series 2025A Bonds; an order of the TCEQ; an election held within the Regional District and passed by a majority of the participating voters; the Act; Article XVI, Section 59 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

This Official Statement includes descriptions, among others, of the Bonds, the Bond Resolutions, and certain other information about the "Participants," being defined herein as the municipal utility districts within the Service Area (defined below) that have entered into the Regional District Contract (defined below) as follows: MUD 250, Fort Bend County Municipal Utility District No. 250A ("MUD 250A"), and Fort Bend County Municipal Utility District No. 250B ("MUD 250B"). This Official Statement includes certain information about the Regional District, in both its capacity as the Regional District and as a Participant, the approximate 930-acre service area (the "Service Area") served by the Regional District Facilities (herein defined), and the Contract for the Financing, Operation and Maintenance of Regional Water, Sanitary Sewer, Storm Sewer, Park, Road, and Other Joint Facilities entered into by the Participants and the Regional District (the "Regional District Contract").

There follows herein descriptions of the Bonds, the Developer (herein defined), the Bond Resolutions, and certain information about the Regional District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Bond Counsel (herein defined) at 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of the costs of duplication thereof. Certain capitalized terms used herein have the same meanings assigned to such terms in the Bond Resolutions, except as otherwise indicated herein.

RISK FACTORS

General

The Regional District is issuing the Bonds for the purpose of constructing or acquiring regional water, wastewater, and drainage facilities to serve the Service Area (the "Regional District System Facilities"). Under the Regional District Contract, the Regional District is also responsible for financing, constructing, and/or acquiring roads that serve the Service Area and improvements in aid of such roads (the "Regional District Road Facilities"). In addition, under the terms of the Regional District Contract, the Regional District is responsible for financing, constructing, and/or acquiring certain park and recreational facilities serving the Service Area (the "Regional District Park Facilities"). The Regional District System Facilities, the Regional District Road Facilities, and the Regional District Park Facilities are collectively referred to herein as the "Regional District Facilities."

The Bonds and any additional contract revenue bonds that the Regional District may hereafter issue for the purpose of constructing or acquiring the Regional District System Facilities are referred to herein as the "Contract Revenue System Bonds." Contract revenue bonds issued for the purpose of constructing or acquiring the Regional District Road Facilities referred to herein as the "Contract Revenue Road Bonds," and the contract revenue bonds issued for the purpose of constructing or acquiring the Regional District Park Facilities referred to herein as the "Contract Revenue Park Bonds." The

Contract Revenue System Bonds, the Contract Revenue Road Bonds, and the Contract Revenue Park Bonds are collectively referred to herein as the “Contract Revenue Bonds.”

The Bonds are special obligations of the Regional District payable solely from the Contract Payments and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Rosenberg, Texas; any of the Participants (except the Regional District in its capacity as the Regional District); or any entity other than the Regional District.

Contract Revenue Bonds, including the Bonds, are payable solely from and to the extent of certain contract payments received by the Regional District from the Participants pursuant to the Regional District Contract, with each Participant’s annual contract payment being equal to its pro rata share of annual debt service on the Contract Revenue Bonds, including the Bonds, plus all charges and expenses of paying agents and registrars, and all amounts required to establish and maintain funds, established under the Bond Resolutions based upon the appraised valuation subject to taxation plus amounts equal to any optional exemption or special appraisal value granted or adopted by a Participant, and any optional exemption or special value claimed by a landowner due to use for agricultural, open space, timberland, or other similar uses (the “Gross Certified Assessed Valuation”) of each such Participant as a percentage of the total Gross Certified Assessed Valuation of all Participants (the “Contract Payments”).

Each Participant is contractually obligated to make the Contract Payments from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on all taxable property within its boundaries (the “Contract Tax”), from revenues derived from the operations of such Participant’s water distribution and wastewater collection systems, or from any other lawful sources of such Participant’s income. The obligations of the Participants to make Contract Payments are several, not joint, obligations prorated among the Participants based upon the proportion of the Gross Certified Assessed Valuation of property within their respective boundaries to the total Gross Certified Assessed Valuation of property within all Participants, as described herein. No Participant is obligated to pay the Contract Payments allocated to any other Participant; however, lack of payment by any Participant could result in an increase in the Contract Payment amount paid by each of the other Participants during the time that such Participant’s payment is delinquent as the Regional District may include a reserve amount in the Contract Payment due from each Participant.

The security for payment of the principal of and interest on the Bonds by the Regional District, therefor, depends on the ability of each Participant to collect annual ad valorem taxes (without legal limit as to rate or amount) levied on taxable property within its boundaries sufficient to make its Contract Payments. The collection by each Participant of delinquent taxes owed to it may be a costly and lengthy process. See “RISK FACTORS – Registered Owners’ Remedies and Bankruptcy” and “THE BONDS – Source of Payment.”

Economic Factors and Interest Rates

The rate of development of the Service Area is directly related to the vitality of the residential and commercial industry in the Houston area. New residential construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of residential construction activity would restrict the growth of property values within the Service Area. The Regional District and Participants cannot predict the pace or magnitude of any future development within the Service Area. See “THE REGIONAL DISTRICT – Status of Development Within the Service Area.”

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

Competition

The demand for and construction of single-family homes within the Service Area could be affected by competition from other residential developments including other residential developments located in the southwest portion of the Houston area. In addition to competition for new home sales from other developments, there are numerous previously owned homes near the Service Area and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the Service Area.

The competitive position of the Developer in the sale of developed lots and of prospective builders in the construction of single-family residential houses within the Service Area is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values within the Service Area. The Regional

District can give no assurance that building and marketing programs within the Service Area by the Developer will be implemented or, if implemented, will be successful.

Dependence on Major Taxpayers and the Developer

The top ten principal taxpayers of the Participants in the Service Area represent \$19,374,090, or approximately 52.29% of the 2024 Gross Certified Assessed Valuation of the property within the boundaries of the Participants, which is \$37,028,512, and represents ownership in the Participants' boundaries as of January 1, 2024. The Developer (herein defined) represents \$2,518,106, or approximately 6.80% of such value. See "TAX DATA – Principal Taxpayers." If the Developer, homebuilders within the Participants, or another principal taxpayer were to default in the payment of taxes in an amount which exceeds the amount in the debt service fund created to pay debt service on bonds issued for the Regional District System Facilities (the "Contract Revenue System Debt Service Fund"), the ability of the Regional District to make timely payment of debt service on the Bonds would be dependent on the ability of Participants to enforce and liquidate their tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in a Participant being forced to set an excessive tax rate, hindering growth and leading to further defaults in the payment of taxes. The Regional District is not required by law or the Bond Resolutions to maintain any specified amount of surplus in its Contract Revenue System Debt Service Fund. See "RISK FACTORS – Tax Collection Limitations," "TAXING PROCEDURES – Levy and Collection of Taxes," and "APPENDIX A – Certain Financial Information Regarding the Participants."

The Developer has informed the Board that their current plans are to develop the remaining undeveloped land and to continue marketing the remaining developed lots in the Participants to homebuilders. However, neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of information related to any proposed development should not be interpreted as such a commitment. The Regional District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer or any other landowner within the Service Area to implement any plan of development. Furthermore, there is no restriction on any landowner's right to sell land. The Regional District can make no prediction as to the effects that current or future economic or governmental circumstances may have on any plans of the Developer or any other landowner. See "THE DEVELOPER."

Undeveloped Acreage and Vacant Lots

There are approximately 235.797 undeveloped but developable acres within the Service Area that have not been provided with water, wastewater, drainage, road, and other facilities necessary for the construction of taxable improvements on such lands. In addition, as of January 14, 2025, there were approximately 295 vacant developed lots within the Service Area. The Regional District makes no representation as to when or if development of the undeveloped but developable acreage will occur or that the lot sales and building program will be successful. See "THE REGIONAL DISTRICT – Status of Development Within the Service Area."

Maximum Impact on Contract Tax Rate

Assuming no further development, the value of the land and improvements currently within the Participants will be the major determinant of the ability and willingness of property owners to pay their taxes. The 2024 Gross Assessed Valuation of the Participants is \$37,028,512, and the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024, is \$104,300,541. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Bonds will be \$974,738 (2049) and the average annual debt service requirement on the Bonds will be \$912,641 (2025–2049).

Assuming no increase or decrease from the 2024 Gross Assessed Valuation of the Participants, a Contract Tax rate of \$2.78 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement on the Bonds, and a Contract Tax rate of \$2.60 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement on the Bonds. Assuming no increase or decrease from the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024, a Contract Tax rate of \$0.99 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement on the Bonds, and a Contract Tax rate of \$0.93 per \$100 of assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement on Bonds. See "SELECTED FINANCIAL INFORMATION" and "TAX DATA – Tax Rate Calculations."

Overlapping Debt and Tax Rates

The Regional District and each Participant may each independently issue additional debt which may change the projected and actual tax rates in the future.

Landowners are or will be responsible for the payment of ad valorem taxes levied by each Participant for payment of Contract Payments. In addition, owners of property located within the Participants are responsible for the payment of ad valorem taxes levied by each Participant for the payment of debt service on unlimited tax bonds issued by each Participant and ad valorem taxes levied by each Participant for the purpose of paying the Participant's operation and maintenance

costs. See “APPENDIX A – Certain Financial Information Regarding the Participants” for information related to each Participant’s indebtedness and taxation requirements.

In addition, property located within the Service Area is subject to taxation by various other governmental entities. See “RISK FACTORS – Debt Burden on Property Within the Service Area” and “TAX DATA – Estimated Overlapping Taxes.”

Debt Burden on Property Within the Service Area

The total tax rate paid by property owners within the Service Area is a major factor in the demand for single-family homes within the Service Area. The Regional District Contract requires that the Participants make Contract Payments from the Contract Tax. In addition, other contract tax payments are required of the Participants by the Regional District Contract. See “REGIONAL DISTRICT CONTRACT.” Furthermore, each Participant will be required to levy taxes on property within its boundaries (without legal limit as to rate or amount) to pay annual principal and interest on any unlimited tax bonds issued in the future by the Participant to fund internal water, wastewater, drainage, and road facilities within the Participant’s boundaries. Each Participant may also levy taxes on property within its boundaries to pay operations and maintenance expenses. For the 2024 tax year, the only Participant to levy a tax rate was MUD 250A, which levied a total tax rate of \$1.50 for operation and maintenance purposes.

The tax rate that may be required to service debt on any bonds issued by the Regional District or a Participant is subject to numerous uncertainties such as the growth of taxable values within such district, the amount of the bonds issued, regulatory approvals, construction costs and market interest rates. There can be no assurances that composite tax rates imposed by overlapping jurisdictions on property situated in Emberly will be competitive with the tax rates of competing projects. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the Service Area and the investment quality or security of the Bonds could be adversely affected.

Operational Expenses

Each Participant is obligated to pay monthly charges to the Regional District for its share of the Regional District’s operation and maintenance expenses in connection with the Regional District’s provision of service from the Regional District Facilities. The monthly charges to be paid by each Participant to the Regional District will be used to pay each Participant’s share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant’s share of operation and maintenance expenses and reserve requirements is based upon a “unit cost” of operation and maintenance expense and reserve requirements, calculated by the Regional District and expressed in terms of “cost per equivalent single-family residential connection.” Each Participant’s monthly payment to the Regional District for operation and maintenance expenses will be calculated by multiplying the number of equivalent single-family residential connections (“ESFCs”) reserved to each Participant on the first day of the previous month by the unit cost per ESFC. See “THE REGIONAL DISTRICT FACILITIES.”

Operating Funds

The Regional District’s operating fund balance as of February 10, 2025, was \$75,432. The Regional District’s operating fund is used to pay for operation and maintenance expenses of the Regional District Facilities. Attaining and maintaining a positive Regional District operating fund balance will depend upon (1) continued development within the Service Area, (2) monthly charges to be paid by each Participant, (3) and advances from the Developer to the Participant to pay monthly charges. MUD 250’s operating fund balance as of January 1, 2025, was \$0 because it has not yet levied a maintenance tax. MUD 250’s operating fund is used to pay for operation and maintenance expenses of MUD 250’s internal water, sewer and drainage facilities and cannot be used to fund the Regional District’s operating expenses other than through the collection of monthly charges paid by the Participants to the Regional District. See “THE REGIONAL DISTRICT – Operational Expenses.”

In the event that funds are not made available by the Developer to the Participants in an amount sufficient to pay the Regional District’s monthly charges, the Participants may be required to levy a maintenance tax at a rate sufficient to fund each Participant’s proportionate share of the Regional District’s operating expenses. Such a tax, when added to the Regional District’s debt service tax, may result in a total tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See “THE REGIONAL DISTRICT – General Fund Operating Statement” and “Operational Expenses”.

No Reserve Fund

The Bonds will be issued pursuant to the Bond Resolutions wherein the Contract Payments will be pledged to payment of debt service on the Bonds. The Bond Resolutions confirm the creation of the Regional District’s Contract Revenue System Debt Service Fund but does not create designated reserve funds. Each Participant’s pro rata share of the Contract Payments is calculated by the Regional District. The Regional District’s annual calculation of the debt service requirement to be paid by the Participants shall include no more than the sum of next year’s annual debt service requirements and, at the option of the Regional District, up to 50% of the following year’s annual debt service requirements to establish a replenishment amount in the Regional Contract Revenue System District Debt Service Fund, which when paid by the Participants, will be

deposited into such debt service fund. Delay or failure of any Participant to pay its pro rata share of the debt service requirements may adversely affect payment of the Bonds. There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of the Registered Owners (herein defined). Any action in mandamus as a result of a payment or other default under the Bond Resolutions would have to be brought by the Registered Owners themselves against the Regional District, and such an action would not necessarily operate to enforce rights against other Participants. See "RISK FACTORS – Registered Owners' Remedies and Bankruptcy."

The Regional District further covenants that if at any time the fund balance in the Contract Revenue System Debt Service Fund falls below 25% of the following year's debt service requirement for the respective bonds, it will levy the maximum amount allowed under the Bond Resolutions (100% of the next year's debt service requirement plus 50% of the following year's debt service requirement) until such time that the debt service fund balance in the fund exceeds 50% of the next year's debt service requirement. At such time that Fort Bend Central Appraisal District provides a certified value (including a certified estimate of value) of at least \$100,000,000 for any district in the Service Area other than MUD 250A, the Contract Revenue System Debt Service Fund coverage of 25%, as required by the foregoing sentence, may be reduced to 10%.

Tax Collection Limitations

The Regional District's ability to make debt service payments may be adversely affected by each Participant's inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by a Participant constitutes a lien in favor of such Participant 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 foreclosure. A Participant'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 Participant's boundaries and limiting the proceeds from a foreclosure sale of such property, or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential property and all other property after the purchaser's deed issued at the foreclosure is filed in the county records. While the Participant has a lien on taxable property within the Participant's boundaries for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the Participant from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the Participant's boundaries pursuant to Federal Bankruptcy Code could stay any attempt by such Participant 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 (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid" See "TAXING PROCEDURES."

Registered Owners' Remedies and Bankruptcy

There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of Registered Owners. There is no reserve fund securing the payment of the Bonds. See "RISK FACTORS – No Reserve Fund."

In the event of default in the payment of principal of or interest on the Bonds, the registered owners of the Bonds (the "Registered Owners" and each a "Registered Owner") have a right to seek a writ of mandamus requiring the Regional District to levy adequate taxes each year to make such payments. Except for the mandamus, the Bond Resolutions do not specifically provide for remedies to protect and enforce such interests of the Registered Owners. There is no provision for 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. Although the Registered Owners could obtain a judgment against the Regional District, such a judgment could not be enforced by a direct levy and execution against the Regional District's property. Further, the Registered Owners themselves cannot foreclose on property within the Service Area or sell property within the Service Area in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners further 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 Regional District. In this regard, should the Regional District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the Regional District to seek judicial foreclosure of its tax lien would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge" See "THE BONDS – Registered Owners' Remedies."

Future Debt

Pursuant to the Regional District Contract and in connection with the development of the Service Area, the Regional District may issue Contract Revenue Bonds in an amount necessary to provide the Regional District Facilities. The Regional District

Contract also authorizes the Regional District to refund any outstanding Contract Revenue Bonds. Any future Contract Revenue Bonds will be on a parity with the Bonds. The Regional District is expected to issue additional Contract Revenue Bonds. The Regional District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of Contract Revenue Bonds which it may issue. The issuance of additional Contract Revenue System Bonds is subject to approval by the TCEQ pursuant to its rules and regarding issuance and feasibility of bonds. See “RISK FACTORS – Maximum Impact on Contract Tax Rate” and “THE BONDS – Issuance of Additional Debt.”

The Regional District Contract obligates each Participant to pay a pro rata share of the debt service on the Contract Revenue Bonds based upon the Gross Certified Assessed Valuation of each Participant as a percentage of the Gross Certified Assessed Valuation of all Participants, calculated annually. Each Participant is obligated to make such Contract Payments from the proceeds of an annual ad valorem tax, without legal limit as to rate or amount, levied by such Participant for such purpose on all taxable property within its boundaries, or also known as the “Contract Tax,” from revenues derived from the operations of such Participant’s water distribution and wastewater collection systems, or from any other lawful source of such Participant’s income.

Pursuant to the Regional District Contract and after the issuance of the Bonds, the Regional District will have \$648,225,000 principal amount of Contract Revenue System Bonds remaining authorized but unissued, \$203,800,000 principal amount of Contract Revenue Road Bonds remaining authorized but unissued, \$209,150,000 principal amount of Contract Revenue Park Bonds remaining authorized but unissued, and such additional bonds as may hereafter be approved by both the Board and voters of the Participants. See “THE BONDS – Issuance of Additional Debt.”

The Bonds and all additional Contract Revenue Bonds issued by the Regional District will be payable from the Contract Tax.

Following the reimbursement to the Developer with the proceeds of the Bonds, the Regional District will owe the Developer approximately \$27,996,888 for reimbursable expenditures made by the Developer to construct the Regional District Facilities. See “THE BONDS – Issuance of Additional Debt.”

Each Participant may issue unlimited tax bonds for water, wastewater, drainage, road, and park and recreational services, with any required approval of the TCEQ, necessary to provide and maintain improvements and facilities to serve land within their respective boundaries consistent with the purposes for which or such Participant was created. TCEQ approval is not currently required for the Regional District or any Participant to issue bonds for the purpose of constructing or acquiring road facilities.

Each Participant, including MUD 250, has voted bonds for purposes of providing internal water, wastewater, drainage, road, and park and recreational facilities within its respective boundaries. See “THE BONDS – Issuance of Additional Debt.” To date, no Participants have issued any unlimited tax bonds for internal facilities from voted authorizations from the elections.

See “APPENDIX A – Certain Financial Information Regarding the Participants” for a description of the voter authorized bonds for each Participant.

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

The District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

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

In 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. Subsequently, the EPA and USACE issued a final rule amending the definition of “waters of the United States” under the CWA to conform with the Supreme Court’s decision.

While the *Sackett* decision and subsequent regulatory action 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.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Specific Flood Type Risks

The Service Area may be subject to the following flood risks:

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

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

National Weather Service Atlas Rainfall Study

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the Service Area may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the Service Area. Such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Potential Impact of Natural Disaster

The Service Area is located approximately 55 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the Service Area, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value in the Service Area or an increase in the Participant’s tax rates. See “TAXING PROCEDURES – Valuation of Property for Taxation.”

There can be no assurance that a casualty loss to taxable property within the Service Area will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the Service Area that were damaged.

Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the Service Area are adversely affected.

Marketability

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

Continuing Compliance with Certain Covenants

The Series 2025 Bond Resolution contains covenants by the Regional District intended to preserve the exclusion from gross income of interest on the Series 2025 Bonds. Failure of the Regional District to comply with such covenants on a continuous basis prior to maturity of the Series 2025 Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See “LEGAL MATTERS.”

Approval of the Bonds

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

Changes in Tax Legislation

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

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025 and will conclude on June 2, 2025. The Governor of Texas may call additional special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the District and also affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions. While the enactment of future legislation in Texas could adversely affect the financial condition or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District’s obligation to levy an unlimited annual ad valorem tax, would be adversely affected by any such legislation.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Series 2025A Bonds when all or some becomes due, any owner of the Series 2025A 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 Series 2025A Bonds by the Regional District which is recovered by the Regional District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absence such prepayment by the Regional District unless the bond insurer chooses to pay such amounts at an earlier date.

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

In the event the bond insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Series 2025A 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 Series 2025A Bonds, no assurance is given that such event will not adversely affect the market price of the Series 2025A Bonds or the marketability (liquidity) for the Series 2025A Bonds.

The long-term ratings on the Series 2025A 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 Series 2025A Bonds insured by the bond insurer will not be subject to downgrade and such event could adversely affect the market price of the Series 2025A Bonds or the marketability (liquidity) for the Series 2025A Bonds. See "MUNICIPAL BOND INSURANCE."

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 Regional District nor the Initial Purchasers 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 Participants to pay principal and interest on the Series 2025A Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL 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.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolutions. Copies of the Bond Resolutions may be obtained from the Regional District upon written request made to the Regional District's Bond Counsel, Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated March 1, 2025, and will accrue interest from the initial date of delivery, which is expected to be on or about March 27, 2025 (the "Date of Delivery"), with interest payable on November 1, 2025, and on each May 1 and November 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered bonds maturing on November 1 of the years shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" on the inside cover page of this Official Statement. Principal of the Bonds will be payable to the registered owners at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar to Registered Owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Successor Paying Agent/Registrar

Provision is made in the Bond Resolutions for replacing the Paying Agent/Registrar. If the Regional District replaces the Paying Agent/Registrar, such Paying Agent/Registrar shall, promptly upon the appointment of a successor, deliver the Paying Agent/Registrar's records to the successor Paying Agent/Registrar, and the successor Paying Agent/Registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any successor Paying Agent/Registrar selected by the Regional District shall be a commercial bank; a trust company organized under the laws of the State of Texas; or other entity duly qualified and legally authorized to serve and perform the duties of the Paying Agent/Registrar for the Bonds, with a combined capital and surplus of at least \$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Registration, Transfer and Exchange

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

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only on the bond register kept by the Paying Agent/Registrar upon surrender at the corporate trust office of the Paying Agent/Registrar in Dallas, Texas. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. At any time after the date of initial delivery, any Bond may be transferred upon its presentation and surrender at the designated offices of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Bondholder.

The Bonds are exchangeable upon presentation at the designated office(s) of the Paying Agent/Registrar, for an equal principal amount of Bonds of the same maturity in authorized denominations. To the extent possible, new Bonds issued in exchange or transfer of Bonds will be delivered to the Bondholder or assignee of the Bondholder within not more than three (3) business days after the receipt by the Paying Agent/Registrar of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in the denomination of \$5,000 in principal amount for a Bond, or any integral multiple thereof for any one maturity and shall bear interest at the same rate and be for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the Paying Agent/Registrar nor the Regional District is required to issue, transfer, or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding Interest Payment Date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning fifteen (15) calendar days prior to, and ending on the date of the mailing of notice of redemption, or where such redemption is scheduled to occur within thirty (30) calendar days. No service charge will be made for any transfer or exchange, but the Regional District or Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Redemption of the Bonds

Optional Redemption

The Bonds maturing on November 1, 2031, and thereafter shall be subject to redemption and payment at the option of the Regional District, in whole or from time to time in part, on November 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If less than all of the Bonds are redeemed at any time, the series and maturities of the Bonds to be redeemed shall be selected by the Regional District. If less than all of the Bonds of a certain series and maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by the Paying Agent/Registrar prior to the redemption date by such random method as the Paying Agent/Registrar deems fair and appropriate in integral multiples of \$5,000 within any one maturity. The

Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present such Bond to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Series 2025 Bonds maturing on November 1 in the years 2037, 2039, 2041, 2043, 2045, 2047, and 2049 are term bonds (the "Series 2025 Term Bonds") and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Series 2025 Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory Redemption Date"), and in the principal amount set forth in the following schedule:

\$1,490,000 Series 2025 Term Bonds Maturing on November 1, 2037

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 1, 2035	\$ 475,000
November 1, 2036	\$ 495,000
November 1, 2037 (Maturity)	\$ 520,000

\$1,125,000 Series 2025 Term Bonds Maturing on November 1, 2039

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 1, 2038	\$ 550,000
November 1, 2039 (Maturity)	\$ 575,000

\$1,240,000 Series 2025 Term Bonds Maturing on November 1, 2041

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 1, 2040	\$ 605,000
November 1, 2041 (Maturity)	\$ 635,000

\$1,365,000 Series 2025 Term Bonds Maturing on November 1, 2043

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 1, 2042	\$ 665,000
November 1, 2043 (Maturity)	\$ 700,000

\$1,505,000 Series 2025 Term Bonds Maturing on November 1, 2045

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 1, 2044	\$ 735,000
November 1, 2045 (Maturity)	\$ 770,000

\$1,660,000 Series 2025 Term Bonds Maturing on November 1, 2047

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 1, 2046	\$ 810,000
November 1, 2047 (Maturity)	\$ 850,000

\$1,830,000 Series 2025 Term Bonds Maturing on November 1, 2049

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
November 1, 2048	\$ 895,000
November 1, 2049 (Maturity)	\$ 935,000

The Series 2025A Bonds maturing on November 1 in the years 2032 and 2034 are term bonds (the “Series 2025A Term Bonds,” and together with the Series 2025 Term Bonds, the “Term Bonds”) and shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Series 2025A Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), and in the principal amount set forth in the following schedule:

\$640,000 Series 2025A Term Bonds Maturing on November 1, 2032

Mandatory Redemption Date	Principal Amount
November 1, 2031	\$ 310,000
November 1, 2032 (Maturity)	\$ 330,000

\$720,000 Series 2025A Term Bonds Maturing on November 1, 2034

Mandatory Redemption Date	Principal Amount
November 1, 2033	\$ 350,000
November 1, 2034 (Maturity)	\$ 370,000

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

Mutilated, Lost, Stolen or Destroyed Bonds

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

Authority for Issuance

At separate elections held within the boundaries of each Participant, the voters of each Participant approved the Regional District Contract. Under the Regional District Contract, the Regional District is to serve as the provider of the Regional District Facilities to the Service Area. The Regional District Contract authorizes the Regional District to issue the following principal amounts of Contract Revenue Bonds: \$661,700,000 of Contract Revenue System Bonds, \$203,800,000 of Contract Revenue Road Bonds, and \$209,150,000 of Contract Revenue Park Bonds. The Regional District Contract also authorizes the Regional District to refund any outstanding Contract Revenue Bonds.

Following the issuance of the Bonds, the following principal amounts of Contract Revenue Bonds authorized under the Regional District Contract will remain unissued: \$648,225,000 of Contract Revenue System Bonds, \$203,800,000 of Contract Revenue Road Bonds, and \$209,150,000 of Contract Revenue Park Bonds. See “THE BONDS – Issuance of Additional Debt.”

The Series 2025 Bonds are issued by the Regional District pursuant to the Regional District Contract approved by the voters of each Participant; the terms and conditions of the Series 2025 Bond Resolution adopted by the Board on the date of sale of the Series 2025 Bonds; an order of the TCEQ; an election held within the Regional District and passed by a majority of the participating voters; the Act; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

The Series 2025A Bonds are issued by the Regional District pursuant to the Regional District Contract approved by the voters of each Participant; the terms and conditions of the Series 2025A Bond Resolution adopted by the Board on the date of sale of the Series 2025A Bonds; an order of the TCEQ; an election held within the Regional District and passed by a majority of the participating voters; the Act; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of Texas relating to the issuance of bonds by political subdivisions in Texas.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment, the sufficiency of the

Contract Payments to pay principal of and interest on the Bonds or upon the adequacy of the information contained in this Official Statement.

Issuance of Additional Debt

Pursuant to the Regional District Contract, the Regional District is authorized to issue \$661,700,000 principal amount of Contract Revenue System Bonds, \$203,800,000 principal amount of Contract Revenue Road Bonds, and \$209,150,000 principal amount of Contract Revenue Park Bonds. The Regional District Contract also authorizes the Regional District to refund any outstanding Contract Revenue Bonds. Pursuant to the Regional District Contract, approval by each Participant and approval by the voters at an election held by each Participant is required prior to any amendment to the Regional District Contract that would increase such authorized amounts. By execution of the Regional District Contract between the Regional District and each Participant, each Participant is obligated to pay its pro rata share of debt service on the Contract Revenue Bonds issued by the Regional District to finance the Regional District Facilities, including the Bonds. The Bonds and all additional Contract Revenue Bonds issued by the Regional District will be payable from the Contract Tax.

Pursuant to the Regional District Contract and after the issuance of the Bonds, the Regional District will have \$648,225,000 principal amount of Contract Revenue System Bonds, \$203,800,000 principal amount of Contract Revenue Road Bonds, and \$209,150,000 principal amount of Contract Revenue Park Bonds remaining authorized but unissued. The Regional District Contract (except as described above) and the Bond Resolutions impose no limitation on the amount of Contract Revenue Bonds the Regional District may issue payable from the Contract Tax. See "RISK FACTORS – Future Debt."

Each Participant may issue unlimited tax bonds for water, wastewater, drainage, road, and park and recreational services, with any required approval of the TCEQ, necessary to provide and maintain improvements and facilities to serve land within their respective boundaries consistent with the purposes for which the Regional District or such other Participant was created. TCEQ approval is not currently required for the Regional District or any Participant to issue bonds for the purpose of constructing or acquiring road facilities. See "APPENDIX A – Certain Financial Information Regarding the Participants" for a description of the voter authorized bonds, principal amount of bonds issued (if any), and principal amount of bonds outstanding (if any) for each Participant.

Source of Payment

The Bonds are payable solely from payments the Participants make to the Paying Agent/Registrar for the purpose of paying the debt service on the Bonds pursuant to the requirements of the Regional District Contract. The Regional District Contract provides that all Participants shall pay a pro rata share of debt service on any Contract Revenue Bonds issued by the Regional District, including the Bonds, based upon each Participant's Gross Certified Assessed Valuation as a percentage of the Gross Certified Assessed Valuation of all Participants. The debt service requirements shall be calculated to include the charges and expenses of paying agents and registrars utilized in connection with Contract Revenue Bonds, the principal, interest, and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the Bond Resolutions. Each Participant is obligated to pay its pro rata share of the Contract Payments, from the Contract Tax, revenues derived from the operation of its water distribution and wastewater collection systems or from any other legally available funds of such Participant. Each Participant's pro rata share of debt service requirements will be calculated annually by the Regional District; however the levy of a Contract Tax for the purpose of paying debt service on the Contract Revenue Bonds is the sole responsibility of each Participant. The Bonds are special obligations of the Regional District payable solely from the Contract Payments and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Rosenberg, Texas; any of the Participants (except the Regional District); or any entity other than the Regional District.

Contract Payments by the Participants

Principal of and interest on the Bonds are payable from and secured by each Participant's unconditional obligation to make Contract Payments. By execution of the Regional District Contract, each Participant has agreed to make a Contract Payment in an amount equal to its pro rata share of the annual debt service on the Contract Revenue Bonds plus all the charges and expenses of paying agents and registrars, and all amounts required to establish and maintain funds established under the Bond Resolutions based upon its Gross Certified Assessed Valuation as a percentage of the total Gross Certified Assessed Valuation of all Participants. Each Participant is obligated to make such payments from the proceeds of the Contract Tax levied by such Participant on property within its boundaries for such purpose, revenues, if any derived from the operation of its water distribution and wastewater collection systems or from any other lawful source of funds. See "Source of Payment." No Participant is liable for the payments due by any other Participant. See "REGIONAL DISTRICT CONTRACT."

The Regional District shall calculate on or before November 1 of each year, or as soon thereafter as practical, the amount of Contract Payments due from each Participant in the following calendar year. The Contract Payments shall be billed to each Participant by the Regional District on or before November 1 of the year prior to the year in which such Contract Payments become due, or as soon thereafter as practical. Such Contract Payments shall be due and payable from each Participant to the Paying Agent/Registrar semiannually by the dates specified by the Regional District. The Regional District specified May 1 and November 1 of each year as the dates by which Contract Payments are due to the Paying Agent/Registrar. The

Bond Resolutions provide that the Contract Payments will be paid directly to the Paying Agent/Registrar semiannually on or before May 1 and November 1 of each year.

Unconditional Obligation to Pay

All charges imposed by the Regional District to pay debt service on the Bonds will be made by the Participants without set-off, counterclaim, abatement, suspension, or diminution, nor will any Participant have any right to terminate the Regional District Contract nor be entitled to the abatement of any such payment or any reduction thereof nor will the obligations of the Participants be otherwise affected for any reason, including without limitation acts or conditions of the Regional District that might be considered failure of consideration, eviction or constructive eviction, destruction or damage to the Regional District Facilities, failure of the Regional District to perform and observe any agreement whether expressed or implied, or any duty, liability, or obligation arising out of or connected with the Regional District Contract. All sums required to be paid by the Participants to the Regional District for such purposes will continue to be payable in all events and the obligations of the Participants will continue unaffected, unless the requirement to pay is reduced or terminated pursuant to an express provision of the Regional District Contract. If any Participant disputes the amount to be paid to the Regional District, the Participant shall nonetheless promptly make payments as billed by the Regional District and if it is subsequently determined by agreement, arbitration, regulatory decision, or court decision that such disputed payment should have been less, the Regional District will then make proper adjustments to all Participants so that the appropriate Participant will receive credit for its over-payments. See "THE REGIONAL DISTRICT."

Funds

Creation of the Regional District's Contract Revenue System Debt Service Fund is confirmed in the Bond Resolutions. At closing of the Bonds, eighteen (18) months of capitalized interest on each series of the Bonds will be deposited into the Contract Revenue System Debt Service Fund.

The proceeds from the Contract Payments collected for and on account of Contract Revenue System Bonds (including the Bonds) shall be deposited into the Contract Revenue System Debt Service Fund. The Bond Resolutions do not provide for segregated reserve funds. The Regional District's annual calculation of the debt service requirement to be paid by the Participants shall include no more than the sum of next year's annual debt service requirements, which when paid by the Participants, will be deposited into the respective debt service fund.

There is no trust estate or trust indenture securing the payment of the Bonds and no trustee to enforce a mandamus action on behalf of Registered Owners. There is no reserve fund securing the payment of the Bonds. See "RISK FACTORS - Registered Owners' Remedies and Bankruptcy."

No Arbitrage

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

Continuing Compliance with Certain Covenants

The Bond Resolutions contain covenants by the Regional District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the Regional District to comply with such covenants on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "LEGAL MATTERS - Tax Exemption."

Annexation

Under existing Texas law, since each Participant lies partially within the extraterritorial jurisdiction ("ETJ") of the City, each Participant must conform to a City consent ordinance. Generally, each Participant may be annexed by the City without the Participant's consent, and the City cannot annex territory within the Participant unless it annexes the entire Participant; however, the City may not annex a Participant unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed

do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement ("SPA") between the City and a Participant specifying the procedures for full purpose annexation of all or a portion of the Participant.

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

Consolidation

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

Defeasance

The Bond Resolutions provide that the Regional District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest, and the redemption price thereon in any manner permitted by law.

Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of Texas a sum of money equal to principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the Regional District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States, (b) non-callable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Regional District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Regional District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the Regional 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 Regional District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the Participants to levy adequate taxes to make such payments.

Except for the remedy of mandamus, the Bond Resolutions do not specifically provide for remedies to a Registered Owner in the event of a Regional District default, nor does it provide for the appointment of a trustee 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. Although the Registered Owners could obtain a judgment against the Regional District, such a judgment could not be enforced by direct levy and execution against the property within the Service Area. Further, the Registered Owners cannot themselves foreclose on the property within the Service Area or sell property within the Service Area in order to pay principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws and principles relating to sovereign immunity, bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the Participants. For example, a Chapter 9 bankruptcy proceeding by a Participant could delay or eliminate payment of principal or interest to the Registered Owners.

Short-Term Debt

The Regional District issued its \$5,950,000 Bond Anticipation Note, Series 2024 (the "BAN"), dated May 29, 2024. The BAN matures on May 28, 2025, and accrues interest at a rate of 6.06% per annum, calculated on the basis of actual days elapsed. The District will use a portion of the proceeds from the sale of the Series 2025 Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer for a portion of certain of the improvements and related costs shown under "THE BONDS – Use and Distribution of Proceeds of Series 2025 Bonds."

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Use and Distribution of Proceeds of Series 2025 Bonds

Proceeds from the sale of the Series 2025 Bonds will be used by the Regional District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs as shown below. Additionally, proceeds from the sale of the Series 2025 Bonds will also be used to reimburse the Developer for the improvements and related costs that were not reimbursed by the BAN and to pay eighteen (18) months of capitalized interest on the Series 2025 Bonds, developer interest, operating costs and other certain costs associated with the issuance of the Series 2025 Bonds.

Non-construction costs are based upon either contract amounts or various cost estimates by the Regional District Engineer (herein defined) and the Financial Advisor (herein defined). The actual amounts to be reimbursed by the Regional District and the non-construction costs will be finalized after the sale of the Series 2025 Bonds and completion of agreed-upon procedures by the Auditor (herein defined).

Construction Costs	<u>District's Share</u>
A. <u>Developer Contribution Items</u>	
1. None	\$ -
B. <u>District Items</u>	
1. Water Plant No. 1 - Phase 1	\$ 404,750
2. Doris Road Street Dedication Section One WS&D	1,079,337
3. Doris Road and Orion Place Drive Street Dedication Section Two - WS&D	261,014
4. Starbridge Section Two, Starbridge Drive & Universe Acre Drive WS&D	708,265
5. Starbridge Section Four WS&D (Trunk Water & Sanitary)	150,208
6. Engineering (Items 1-5)	1,293,701
7. Water Plant No. 1 -Phase 1 Lease Payments	667,905
8. Water Plant No. 1 -Phase 2 Lease Payments	443,620
9. Wastewater Treatment Plant Lease Payments	234,021
10. Land Acquisition Costs	<u>2,265,674</u>
Total Construction Costs	\$ 7,508,495
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 249,000
B. Fiscal Agent Fees	216,100
C. Interest Costs	
1. Capitalized Interest	729,834
2. Developer Interest	382,370
D. Bond Discount	323,970
E. Bond Anticipation Note Costs	134,485
F. Bond Anticipation Note Interest	298,335
G. Bond Issuance Expenses	67,935
H. Market Study	4,750
I. Creation Costs	119,216
J. Operating Costs	474,028
K. TCEQ Bond Issuance Fee	27,012
L. Bond Application Report	56,000
M. Attorney General Fee (0.10% or a maximum of \$9,500)	9,500
N. Contingency (a)	<u>203,969</u>
Total Non-Construction Costs	\$ 3,296,504
TOTAL BOND ISSUE REQUIREMENT	\$ 10,805,000

(a) Represents the difference between the estimated and actual amounts of BAN interest, bond discount, and capitalized interest.

The Regional District Engineer has advised the Regional District that the proceeds of the sale of the Series 2025 Bonds should be sufficient to reimburse the Developer for the costs of the above-described facilities. In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ; however, the Regional District cannot and does not guarantee the sufficiency of such funds for such purposes.

Use and Distribution of Proceeds of Series 2025A Bonds

Proceeds from the sale of the Series 2025A Bonds will be used by the District to reimburse the Developer for the costs of improvements and related costs as set forth below. Additionally, proceeds from the sale of the Series 2025A Bonds will be used to pay for eighteen (18) months of capitalized interest, developer interest, and other certain costs associated with the issuance of the Series 2025A Bonds.

Non-construction costs are based upon either contract amounts or various cost estimates by the Regional District Engineer and the Financial Advisor. The actual amounts to be reimbursed by the Regional District and the non-construction costs will be finalized after the sale of the Series 2025A Bonds and completion of agreed-upon procedures by the Auditor.

Construction Costs	<u>District's Share</u>
A. <u>Developer Contribution Items</u>	
1. None	\$ -
B. <u>District Items</u>	
1. Water Plant No. 1 -Phase 1 Lease Payments	\$ 381,885
2. Water Plant No. 1 -Phase 2 Lease Payments	716,786
3. Wastewater Treatment Plant Lease Payments	<u>874,959</u>
Total Construction Costs	\$ 1,973,631
 <u>Non-Construction Costs</u>	
A. Legal Fees	\$ 60,500
B. Fiscal Agent Fees	53,400
C. Interest Costs	
1. Capitalized Interest	217,575
2. Developer Interest	14,881
D. Bond Discount	79,038
E. Bond Application Report	13,500
F. Bond Issuance Expenses	10,345
G. Operating Costs	213,998
H. TCEQ Bond Issuance Fee	6,675
I. Attorney General Fee (0.10% or a maximum of \$9,500)	2,670
J. Contingency (a)	<u>23,787</u>
Total Non-Construction Costs	\$ 696,369
 TOTAL BOND ISSUE REQUIREMENT	 \$ 2,670,000

(a) Represents the difference between the estimated and actual amounts of bond discount and capitalized interest.

The Regional District Engineer has advised the Regional District that the proceeds of the sale of the Series 2025A Bonds should be sufficient to reimburse the Developer for the costs of the above-described facilities. In the instance that approved estimated amounts exceed the actual costs, the difference comprises a surplus which may be expended for approved uses; however, the Regional District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE PARTICIPANTS

Creation, Authority, and Description

MUD 250 was created by House Bill No. 4634, an act of the 87th Legislature, Regular Session, effective May 27, 2021, and codified as Chapter 7943A of the Special District Local Laws Code. Pursuant to the powers of MUD 250 under such act, MUD 250 adopted that Order Dividing District dated June 9, 2022, which resulted in the division of MUD 250 into four additional districts (MUD 250A, MUD 250B, MUD250C and MUD 250D).

Each Participant operates under the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, applicable to municipal utility districts created under Section 59, Article XVI of the Texas Constitution and is authorized to construct and finance road projects as provided under Section 52, Article III of the Texas Constitution. To serve the property within their boundaries, the Participants have the powers to construct, acquire, operate, maintain, and finance water, wastewater, drainage, road, and park and recreational facilities.

The Participants are empowered to exercise all the powers and functions which will permit accomplishment of the purposes for which they were created. Each Participant may also establish, operate, and maintain a fire department or contract for firefighting services, and the TCEQ and its voters have not approved a plan for that purpose.

Authorized Bonds and Debt Service Tax

The Participants have the statutory authority to issue unlimited tax bonds for the purpose of providing internal water distribution, wastewater collection, storm drainage, road, and park and recreational facilities to the land within their boundaries. Such bonds are secured by a continuing direct annual ad valorem tax adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to the Contract Tax. See "THE PARTICIPANTS – Contract Taxes."

Each of the Participants has voted bonds for purposes of providing internal water, wastewater, drainage, road, and park and recreational facilities within their respective boundaries. See "APPENDIX A – Certain Financial Information Regarding the Participants" for a description of the voter authorized bonds, principal amount of bonds issued (if any) and principal amount of bonds outstanding for each Participant.

Operations

Each Participant has or will construct internal water, wastewater, and drainage facilities, and may also construct internal road and park and recreational facilities, within its respective boundaries. Pursuant to the Regional District Contract, each Participant is required to purchase potable water from the Regional District and sell such water to its customers, and collect domestic wastewater from its customers, which the Regional District provides for the treatment and discharge of the wastewater. The Regional District has entered into lease-to-purchase agreements whereby the Regional operates the regional water supply and wastewater systems serving Emberly. See "THE REGIONAL DISTRICT FACILITIES."

Each Participant sets its own retail rates for water distribution and wastewater collection services and is required by the Regional District Contract to do so at a level which will produce sufficient revenue to pay operating and maintenance charges of the Regional District, to pay other costs of operating and maintaining its own System (herein defined), and, together with tax revenues, to pay its Contract Payments. The Regional District does not expect that revenues from Participants' retail charges will ever be sufficient to pay a significant portion of Contract Payments for application to debt service on the Contract Revenue Bonds, including the Bonds.

Contract Taxes

The Regional District has the authority to issue Contract Revenue Bonds, including the Bonds. Each Participant's pro rata share of the debt service requirements on the Contract Revenue Bonds shall be determined by dividing each Participant's Gross Certified Assessed Valuation by the total of all Participants' Gross Certified Assessed Valuation, calculated annually. Calculation of the Contract Payments is based upon the Gross Certified Assessed Valuation and does not make allowances for any exemptions granted by the Participant's however, allowances are made for exemptions provided under State law that do not require action by the Participants. See "TAXING PROCEDURES." The Regional District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of annual Contract Taxes levied without legal limit as to rate or amount, from revenues derived from the operation of its water distribution and wastewater collection systems, or from any other legally available funds. The Regional District does not expect that revenues from the Participants' wastewater collection and water distribution systems will ever be sufficient to pay a significant portion of the Contract Payments for application to debt service on the Contract Revenue Bonds, including the Bonds. The debt service requirement shall include principal, interest, and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amounts necessary to establish and maintain funds established under a bond resolution.

The Participants have the authority to levy and collect an annual ad valorem tax for the operation and maintenance of facilities. A maintenance and operations tax is in addition to taxes which the Participant is authorized to levy for paying principal of and interest on its unlimited tax bonds and the Contract Tax.

Management

Each Participant is governed by a board of directors, consisting of five (5) members, which has control and management of all affairs of such Participant. Directors of each Participant are elected by the voters within that Participant to serve four (4)-year staggered terms. All such directors reside or own property within the Participant on whose board they serve. None of the Participants have any employees. Each Participant contracts for all services required to maintain its operations. The TCEQ exercises continuing supervisory jurisdiction over each Participant, and, in addition, operation of each Participant's water, wastewater, and drainage facilities is subject to regulation by other agencies.

Financial Data

See "APPENDIX A – Certain Financial Information Regarding the Participants" for financial information for each Participant.

REGIONAL DISTRICT CONTRACT

MUD 250, MUD 250A, and MUD 250B have executed the Regional District Contract with the Regional District for the financing, operation, and maintenance of the regional water, sanitary sewer, storm sewer, park, road, and other joint facilities described below and obtained the approval of the Regional District Contract from voters at elections held within their respective boundaries. The Regional District, in its capacity as the provider for the Regional District Facilities, will construct the Regional District Facilities and provide services from those Regional District Facilities.

The Regional District Contract provides that all Participants shall pay a pro rata share of debt service on the Contract Revenue Bonds, including the Bonds, based upon each Participant's Gross Certified Assessed Valuation as a percentage of the Gross Certified Assessed Valuation of all the Participants, calculated annually. Calculation of the Contract Payment is based upon Gross Certified Assessed Valuation and does not make allowances for any exemptions granted by the Participants. Each Participant is obligated to pay its pro rata share of the annual debt service payments from the proceeds of the Contract Tax, revenues derived from the operation of its water distribution and wastewater collection system or from any other legally available funds. The Contract Tax shall be calculated to include the charges and expenses of paying agents and registrars utilized in connection with the Contract Revenue Bonds, including the Bonds, the principal, interest, and redemption requirements of the Contract Revenue Bonds and all amounts required to establish and maintain funds established under the applicable bond resolution. Each Participant's Contract Payment will be calculated annually by the Regional District; however, the levy of a Contract Tax or the provisions of other funds to make its contract payments is the sole responsibility of each Participant.

The Regional District Contract also provides for operation and maintenance expenses for facilities constructed pursuant to the Regional District Contract; duties of the parties; establishment and maintenance of funds; assignment; arbitration; amendments; force majeure; insurance; and other provisions.

Each Participant will own and operate its internal facilities. The internal facilities are expected to be financed with unlimited tax bonds sold by each of the Participants. It is anticipated that the Regional District Facilities will be constructed in stages to meet the needs of a continually expanding population within the Service Area. In the event that the Regional District fails to finance or provide Regional District System Facilities as required by the Service Area, each Participant has the right pursuant to the Regional District Contract to design, acquire, construct, or expand the Regional District System Facilities needed to provide it with service.

Each Participant is further obligated to pay monthly charges to the Regional District, for water and wastewater services rendered pursuant to the Regional District Contract. The monthly charges to be paid by each Participant to the Regional District will be used to pay its share of operation and maintenance expenses and to provide for an operation and maintenance reserve equivalent to three (3) months of operation and maintenance expenses. Each Participant's share of operation and maintenance expenses is based upon a "unit cost" of operation and maintenance expense, calculated by the Regional District and expressed in terms of "cost per equivalent single-family residential connection." Each Participant's monthly payment to the Regional District for operation and maintenance expenses will be calculated by multiplying the number of ESFCs reserved to it on the first day of the previous month by the unit cost per ESFC.

Pursuant to the Regional District Contract, each Participant is obligated to establish and maintain rates, fees, and charges for its water and wastewater services which, together with taxes levied and funds received from any other lawful sources, are sufficient at all times to pay operation and maintenance charges of the Regional District, to pay other costs of operating and maintaining its own utility system, and to pay its obligations pursuant to the Regional District Contract, including its Contract Payments. The Regional District does not expect that revenues from the Participants' wastewater collection and water distribution systems will ever be sufficient to pay a significant portion of Contract Payments for application to debt service on the Contract Revenue Bonds, including the Bonds. All sums payable by each Participant to the Regional District pursuant to the Regional District Contract are to be paid by such Participant without set off, counterclaim, abatement,

suspension, or diminution. If any Participant fails to pay its share of these costs in a timely manner, the Regional District Contract provides that the Regional District shall be entitled to cancel, in whole or in part, any reservation or allocation of capacity in the Regional District’s facilities by such Participant in addition to the Regional District’s other remedies pursuant to the Regional District Contract. As a practical matter, the Participants have no alternative provider of the water and wastewater services rendered by the Regional District under the Regional District Contract. See “THE BONDS – Source of Payment.”

Each Participant is obligated severally, but not jointly, to make Contract Payments to the Regional District in an amount sufficient to pay its debt service requirements on Contract Revenue Bonds. No Participant is obligated, contingently or otherwise, to make any Contract Payments owed by any other Participant; however, lack of payment by any Participant could result in an increase in the Contract Payment amount paid by each of the other Participants.

THE REGIONAL DISTRICT

Management of the District

The Regional District is governed by its Board of Directors (the “Board”) consisting of five directors, who have control over and management supervision of all affairs of the Regional District. All of the directors own property in the Regional District. The directors serve staggered, four-year terms. Elections are held in even-numbered years in May. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires May</u>
Darrin Fentress	President	2026
George Joseph Koch III	Vice President	2026
Justin Vickrey	Secretary	2026
Kelsy John	Assistant Secretary	2028
Kyle Kraus	Assistant Vice President	2028

Investment Policy

The Regional District has adopted an Investment Policy (the “Investment Policy”) as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the “Public Funds Investment Act”). The Regional District’s goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the Regional District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the Regional District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation (“FDIC”) and secured by collateral authorized by the Public Funds Investment Act, and in TexPool and TexStar, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service. The Regional District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the portfolio.

Consultants

Although the Regional District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector: The tax assessor/collector for the Regional District is Assessments of the Southwest, Inc.

Bookkeeper: The Regional District’s bookkeeper is Myrtle Cruz, Inc. (the “Bookkeeper”).

Utility System Operator: Municipal District Services, LLC is the operator of the Regional District System Facilities.

Auditor: As required by the Texas Water Code, the Regional District retains an independent auditor to audit the Regional District’s financial statements annually, which annual audit is filed with the TCEQ. The Regional District engaged McGrath & Co., PLLC as its auditor for the fiscal year ended April 30, 2024, which audited financial statements are included herein under “APPENDIX B.”

Engineer: The Regional District’s engineer is Quiddity Engineering, LLC. (the “Engineer”).

Attorney: The Regional District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as bond counsel (“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 contingent upon the sale and delivery of the Bonds. See “LEGAL MATTERS.” The Regional District has also engaged Allen Boone Humphries Robinson LLP as general counsel.

Disclosure Counsel: The Regional District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as disclosure counsel ("Disclosure Counsel") in connection with the issuance of the Bonds. The fees to be paid to Disclosure Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated serves as financial advisor ("Financial Advisor") to the Regional District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

The Service Area

The Service Area contains approximately 930 acres which include the development of Emberly. The 930-acre Service Area includes certain land that is within or intended to be annexed into the following municipal utility districts: MUD 250, MUD 250A, MUD 250B, Fort Bend County Municipal Utility District No. 250C ("MUD 250C"), and Fort Bend County Municipal Utility District No. 250D ("MUD 250D").

Currently, MUD 250 in its capacity as a participant, MUD 250A, and MUD 250B have executed the Regional District Contract with the Regional District. Such three districts are referred to herein as the "Participants." MUD 250 currently encompasses approximately 7.825 acres, MUD 250A currently encompasses approximately 361.938 acres, and MUD 250B currently encompasses approximately 1.761 acres. The Board of Directors of MUD 250A approved a petition for the annexation of approximately 268.969 acres, which was annexed into the District on January 28, 2025. After annexation of the approximately 268.969 acres, MUD 250A currently encompasses a total of approximately 630.907 acres. MUD 250A is the only Participant that has experienced development activity to date.

MUD 250C and MUD 250D are within the Service Area but are undeveloped and have not entered into a Regional District Contract. Each may do so in the future, at which time such district will become a Participant.

Status of Development Within the Service Area

Currently, development activity in the Service Area is active and ongoing only within the boundaries of MUD 250A. Within MUD 250A, approximately 143.96 acres (648 lots) have been developed as the single-family residential subdivisions of Emberly, Sections 1-5, and 8. In addition, Emberly Sections 6 and 7 are currently under construction, and upon expected completion of such sections in the first quarter of 2025, an additional 50.46 acres within MUD 250A will have been developed to include an additional 232 single-family lots.

As of January 14, 2025, approximately 334 homes were complete (approximately 233 occupied, approximately 94 unoccupied, and approximately 7 model homes), approximately 19 homes were under construction, and approximately 295 lots were developed and vacant.

The remaining acreage within the Service Area consists of approximately 235.797 undeveloped but developable acres and approximately 200.690 undevelopable acres.

Homebuilders Active Within the Service Area

The homebuilders active within the Service Area are Davidson Homes, DSLD Homes, Lennar Homes, LGI Homes, and Tricoast Homes. Prices of new homes being constructed within the Service Area range in price from approximately \$220,000 to \$400,000 and range in size from approximately 1,400 to 2,700 square feet.

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General Fund Operating Statement

The following sets forth in condensed form the results of the Regional District's operating fund. To date, all revenue and expenditures of the District have been in the capacity of the Regional District. The summary below has been prepared by the Financial Advisor for inclusion herein based upon information obtained from the District's audited financial statements for year ended April 30, 2023, and 2024, and from the District's bookkeeper for the six month period ended October 31, 2024. See "RISK FACTORS – Operating Funds." Reference is made to such statements for further and more complete information. See "APPENDIX B" for a copy of financial statements for the year ended April 30, 2024.

	Fiscal Year Ended April 30,		
	4/30/2024- 10/31/2024 (a)	2024	2023
<u>Revenues</u>			
Participant Billings	\$ 707,508	\$ 543,739	\$ -
Total Revenues	\$ 707,508	\$ 543,739	\$ -
<u>Expenditures</u>			
Operating and Administrative			
Professional Fees	\$ 69,073	\$ 191,876	\$ 154,497
Contracted Services	13,695	21,792	15,050
Repairs and Maintenance	311,719	227,475	-
Utilities	6,462	516	-
Administrative	22,703	18,759	19,226
Other	24,728	302	8,597
Capital			
Capital outlay		60,250	3,903,772 (c)
Capital leases	238,658	4,230,124	-
Debt Service			
Lease – Principal	-	265,661	-
Lease – Interest	-	302,701	-
Total Expenditures	\$ (687,037)	\$ (5,319,456)	\$ (4,101,142)
Revenues Excess (Deficiency)	\$ 20,471	\$ (4,775,717)	\$ (4,101,142)
Other Financing Sources			
Proceeds from financed purchases	\$ -	\$ -	\$ 3,903,772(c)
Developer advances	-	815,272	145,500
Lease Financing	238,658	4,230,124(b)	-
Net Change in Fund Balances	\$ 259,129	\$ 269,679	\$ (51,870)
Beginning of the year balance	\$ 217,809	\$ (51,870)	\$ -
End of the Year balance	\$ 476,938	\$ 217,809	\$ (51,870)

(a) Unaudited. Provided by the District's Bookkeeper.

(b) See "THE REGIONAL DISTRICT FACILITIES – Water Supply and Wastewater Treatment."

(c) On August 30, 2022, the District entered into an agreement to finance the purchase of a water treatment plant. This agreement is for a 120-month term at a rate of 8% with payments commencing May 1, 2023. The District has a long term liability in the amount of \$3,903,772 under the agreement, which is payable in monthly installments of \$47,364. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment.

PHOTOGRAPHS TAKEN WITHIN THE SERVICE AREA
(November 26, 2024)



THE DEVELOPER

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the Participants include purchasing the land, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a utility district pursuant to the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Developer

The original developer in the Service Area was LT 59 and Doris Road, LLC (the "Original Developer"), a Texas limited liability company and single purpose entity created by Land Tejas Companies, Ltd. solely for the purpose of developing the land located within the Service Area. The General Partner of the Original Developer is L.T. Management, Inc., whose president is Mr. Al P. Brende. Mr. Brende is also the President of Land Tejas Companies, Ltd.

In December 2021, the Original Developer sold its interest in the project to Astro Rosenberg, L.P., a Delaware limited partnership (the "Developer"), which is the current primary developer of land in the Service Area. The Developer was established by Mr. Al Brende and Starwood Land Astro Venture LP as a special purpose entity for the purpose of developing land and marketing developed land within the Service Area. Starwood Land Astro Venture LP has entered into a management agreement with Land Tejas Companies, Ltd. for the purpose of managing the day-to-day development activities within the Service Area.

According to the Developer, the primary assets of the Developer consist of its land in the Service Area and reimbursements due from the Regional District and the Participants. Further, according to the Developer, it is currently operating with a net income, with its income comprised almost entirely of revenues from the sale of real estate.

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REGIONAL DISTRICT DEBT

General

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

Regional Direct Debt:	
The Series 2025 Bonds.....	\$ 10,805,000
The Series 2025A Bonds	\$ <u>2,670,000</u>
Total Direct Debt.....	\$ 13,475,000
Estimated Overlapping Debt.....	\$ <u>3,909,863</u>
Total Direct and Estimated Overlapping Debt.....	\$ 17,384,863
Contract Revenue System Debt Service Fund Balance (as of Delivery of the Bonds)	\$ 947,409(a)(b)

- (a) Represents eighteen (18) months of capitalized interest on the Series 2025 Bonds and the Series 2025A Bonds that will be deposited into the Contract Revenue System Debt Service Fund upon closing and delivery of the Bonds. Neither Texas law nor the Bond Resolutions require that the Regional District maintain any particular sum in the Contract Revenue System Debt Service Fund. Money deposited into the Contract Revenue System Debt Service Fund can only be used to pay debt service on the Contract Revenue System Bonds, such as the Bonds.
- (b) Each Participant is obligated to pay a pro rata share of debt service on the Contract Revenue Bonds by the dates specified by the Regional District. See "THE BONDS – Contract Payments by the Participants," "THE BONDS – Unconditional Obligation to Pay," and "REGIONAL DISTRICT CONTRACT."

Assessed Valuations of the Participants

Participant	2024 Gross Certified Assessed Valuation (a)	Percent of Total	Estimated Gross Assessed Valuation November 1, 2024 (b)	Percent of Total
MUD 250	\$ 180,595	0.49%	\$ 180,595	0.17%
MUD 250A	36,738,314	99.22%	104,010,343	99.72%
MUD 250B	<u>109,603</u>	<u>0.30%</u>	<u>109,603</u>	<u>0.11%</u>
Total	\$ 37,028,512	100.00%	\$ 104,300,541	100.00%

- (a) Represents the gross assessed valuation as of January 1, 2024, of all taxable property of the Participants in the Service Area, as provided by the Fort Bend Central Appraisal District. See "TAXING PROCEDURES" and "TAX DATA."
- (b) This amount is an estimate of the gross assessed value as of November 1, 2024, of all taxable property located within the Participants in the Service Area as provided by the Fort Bend Central Appraisal District. No taxes will be levied on these estimated values. See "TAX DATA" and "TAXING PROCEDURES."

Tax Rates of the Participants

The Participants pay contract payments to the Regional District each March 1 and September 1 in equal amounts. The contract payment calculations for each Participant are based on the Participant's Gross Certified Assessed Valuation, as defined in the Regional District Contract, and does not make allowance for any exemptions granted by the Participant. See "REGIONAL DISTRICT CONTRACT."

Participant	2024 Debt Service Tax Rate	2024 Maintenance Tax Rate	2024 Contract Tax Rate (a)	2024 Total Tax Rate
MUD 250	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000
MUD 250A	0.000	1.500	0.000	1.500
MUD 250B	0.000	0.000	0.000	0.000

- (a) The Regional District Contract provides that a Participant may make Contract Payments from the proceeds of the Contract Tax or from any other lawful sources, which include proceeds from the Participant's levy of a maintenance tax rate and operating funds advanced by the Developer. See "RISK FACTORS – Dependence on Major Taxpayers and the Developer."

Debt Ratios

Direct Debt Ratios (a):

As a Percentage of the 2024 Gross Assessed Valuation of the Participants.....	36.39 %
As a Percentage of the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024.....	12.92 %

Direct and Estimated Overlapping Debt Ratios (a):

As a Percentage of the 2024 Gross Assessed Valuation of the Participants.....	46.95 %
As a Percentage of the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024.....	16.67 %

(a) Includes the Bonds.

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the Regional District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, or other available information. Except for the amount relating to the Regional District, the Regional District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the Regional 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. Totals may not sum due to rounding.

Taxing Jurisdiction	Outstanding Debt	Overlapping	
	January 31, 2025	Percent	Amount
Fort Bend County	\$ 1,114,449,190	0.03%	\$ 335,929
Fort Bend County Drainage District County	22,655,000	0.03%	6,891
Lamar Consolidated ISD	3,112,195,000	0.12%	3,567,043
Total Estimated Overlapping Debt			\$ 3,909,863
The Regional District (a)			\$ 13,475,000
Total Direct & Estimated Overlapping Debt (a)			\$ 17,384,863

(a) Includes the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

Each Participant is authorized to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within its boundaries in sufficient amount to pay the principal of and interest on any unlimited tax bonds issued by it, Contract Payments on the Contract Revenue Bonds, including the Bonds, and to pay the expenses of assessing and collecting such taxes. Voters within each Participant have also authorized the levy of a maintenance and operations tax not to exceed \$1.500 per \$100 valuation for the operation and maintenance of water, wastewater, drainage, and park and recreational facilities and a maintenance and operations tax not to exceed \$0.250 per \$100 valuation for the operation and maintenance of road facilities.

Property Tax Code and County wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of Texas. 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 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 Regional District is located in Fort Bend County, Texas. The Fort Bend Central Appraisal District (the "Appraisal

District”) has the responsibility for appraising property in the Regional District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board (the “Appraisal Review Board”). Under certain circumstances, taxpayers and taxing units (such as the Participants) may appeal the orders of said appraisal review board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by court of by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Fort Bend Central Appraisal District and approved by the Fort Bend County Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and rate. The Regional District is eligible, along with all other conversation and reclamation districts within Fort Bend County, to participate in the nomination of and vote for a member of the board of directors of the Fort Bend Central Appraisal District.

Property Subject to Taxation by the Participants

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in in each Participant are subject to taxation by that Participant. 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; and most individually-owned automobiles. In addition, each Participant may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the board of directors of the Participant. The Participants may be required to offer such exemptions if a majority of voters approve same at an election. The Participants would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The Participants are authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the Participant’s obligation to pay tax-supported debt incurred prior to adoption of the exemption by the Participant.

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

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the 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. To date, no Participant has granted an exemption for persons over 65 years of age and for disabled persons.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in Texas to exempt up to 20% of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted before July 1. To date, none of the Participants have adopted a homestead exemption.

Freeport Goods and Goods-in-Transit Exemption: A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing,

manufacturing, processing, or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the Participants do not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2013 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one (1) or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the Participants 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 Participants have taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the Service Area must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the Participants in establishing their 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, as such is defined in 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 (1) 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 Participants can collect taxes based on the new use, including taxes for the previous three (3) years, for open space land and timberland. According to the Regional District’s Tax Assessor/Collector, as of January 1, 2024, approximately 149.915 acres of land in the Regional District were designated for agricultural use, open space, timberland, or inventory deferment.

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 (3) years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county wide basis. The Participants, however, at their expense, have the right to obtain from the Appraisal District a current estimate of appraised values within that Participant or an estimate of any new property or improvements within that Participant. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the Service Area, it cannot be used for establishing a tax rate within the Service Area until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the Governor. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the Participants, adopting its tax rate for the tax year. A taxing unit, such as the Participants, 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.

Participant and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the Participants, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the 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 Participants 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 Participants are 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 that Participant, based upon: a) the valuation of property within that Participant as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 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% 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 Participant and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the Participant 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, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the Participant, may be rejected by taxing units. The Participant'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 taxes, 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 continue to accrue during the period of deferral.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the taxpayer pays at least 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 as been damaged as a direct result of the disaster or emergency.

Rollback of Maintenance and Operations Tax Rate

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

Low Tax Rate Districts

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

Developed Districts

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

Developing Districts

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

The Participants

For the 2024 tax year, each Participant has made the determination of its status as a Developing District. The Participants cannot give any assurances as to what its classification will be at any point in time or whether the Participants' future tax rates will result in a total tax rate that will reclassify the Participants into a new classification and new election calculation.

Participant's Rights in the Event of Tax Delinquencies

Taxes levied by the Participants 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 Texas and each taxing unit, including the Participants, having the power to tax the property. The Participants' tax lien is on a parity with the tax liens of other such taxing units. A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the Participants is

determined by federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

TAX DATA

Contract Tax

The Regional District has the authority to issue Contract Revenue Bonds. Each Participant's pro rata share of the debt service requirements on the Contract Revenue Bonds shall be determined by dividing each Participant's Gross Certified Assessed Valuation by the total of all Participants' Gross Certified Assessed Valuation, calculated annually. Calculation of the Contract Payments is based upon the Gross Certified Assessed Valuation and does not make allowances for any exemption granted by the Participants; however, allowances are made for exemptions provided under State law that do not require action by the Participants. See "TAXING PROCEDURES." The Regional District Contract obligates each Participant to pay its pro rata share of debt service requirements on the Contract Revenue Bonds from the proceeds of annual unlimited Contract Taxes, from revenues derived from the operation of its water distribution and wastewater collection systems, or from any other legally available funds. The debt service requirement shall include principal, interest, and redemption requirements on the Contract Revenue Bonds, paying agent/registrar fees, and all amount necessary to establish and maintain funds established under the applicable bond resolution.

Debt Service Tax

Each Participant has the statutory authority to issue its unlimited tax bonds for the purpose of providing facilities to serve the land within its boundaries. To date, no Participant has issued any such unlimited tax bonds. However, when and if issued by a Participant, such bonds will be paid by a continuing direct annual ad valorem tax, without legal limit as to rate or amount, adequate to provide funds to pay the principal of and interest on such bonds. Such tax is in addition to Contract Taxes. See "APPENDIX A – Certain Financial Information Regarding the Participants" for information related to each Participant's historical tax data and authorized but unissued unlimited tax bonds.

Maintenance and Operations Tax

Each Participant has the statutory authority to levy and collect an annual ad valorem tax for maintenance purposes, including, but not limited to, funds for planning, constructing, maintaining, repairing, and operating all necessary land, plants, works facilities, improvements, appliances, and equipment, if such maintenance and operations tax is authorized by a vote of the Participant's electors. Each Participant is authorized by its voters to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation.

Each Participant is also authorized by its voters to levy a maintenance tax for road improvements in an amount not to exceed \$0.25 per \$100 of assessed valuation.

Such taxes would be in addition to Contract Taxes and taxes levied for paying principal of and interest on any unlimited tax bonds which may be issued by the Participants. See "APPENDIX A – Certain Financial Information Regarding the Participants."

Tax Rate Limitation

Contract Tax:.....	Unlimited (no legal limit as to rate or amount).
Debt Service:.....	Unlimited (no legal limit as to rate or amount).
Maintenance:.....	\$1.50 per \$100 Taxable Assessed Valuation.
Maintenance (Roads):.....	\$0.25 per \$100 Taxable Assessed Valuation.

Estimated Overlapping Taxes

Property within the Service Area is subject to taxation by several taxing authorities in addition to the Participants. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of a Participant is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of a Participant and of such other jurisdictions, certain taxing jurisdictions are authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administrative, and/or general revenue purposes and the Participants are authorized to levy Contract Taxes. See “REGIONAL DISTRICT DEBT – Estimated Direct and Overlapping Debt Statements.”

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2024 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

Taxing Jurisdiction	2024 Tax Rate
MUD 250A	\$1.500000
Fort Bend County	0.412000
Fort Bend County Drainage District	0.010000
Fort Bend Emergency Services District No. 8	0.100000
Lamar Consolidated Independent School District	1.146900
Total Tax Rate	\$3.168900

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of assessed taxable valuation which would be required to meet certain debt service requirements of the Bonds if no growth in the Participant’s tax base occurs beyond the 2024 Gross Assessed Valuation (\$37,028,512) or the Estimated Gross Assessed Valuation of the Participants as of November 1, 2024 (\$104,300,541). The calculations assume collection of 95% of taxes levied, the sale of the Bonds, but not the sale of any additional bonds by the Regional District.

Average Annual Debt Service Requirement (2025–2049)	\$912,641
Contract Tax Rate of \$2.60 on the 2024 Gross Assessed Valuation produces	\$914,604
Contract Tax Rate of \$0.93 on the Estimated Gross Assessed Valuation as of November 1, 2024, produces	\$921,495
Maximum Annual Debt Service Requirement (2049).....	\$974,738
Contract Tax Rate of \$2.78 on the 2024 Gross Assessed Valuation Produces	\$977,923
Contract Tax Rate of \$0.99 on the Estimated Gross Assessed Valuation as of November 1, 2024, produces	\$980,947

Gross Assessed Valuation Summary

The following represents the type of property comprising the 2024 tax rolls of each Participant as certified by the Appraisal District.

Type of Property	MUD 250 2024 Gross Certified Assessed Valuation	MUD 250A 2024 Gross Certified Assessed Valuation	MUD 250B 2024 Gross Certified Assessed Valuation
Land	\$333,751	\$21,516,818	\$135,768
Improvements	-	15,947,390	259
Personal Property	-	1,454,011	-
Productivity Loss	94,769	9,685	38,211
Exemptions	(247,925)	(2,189,590)	(64,635)
Total	\$180,595	\$36,738,314	\$109,603

Principal Taxpayers

The following are the principal taxpayers in the Service Area as shown on the Participants’ certified appraisal rolls for the 2024 tax year.

Taxpayer	Types of Property	Gross Value 2024 Tax Roll (a)	Percent of District Value
DSL D Homes Southwest LLC (c)	Land & Improvements	\$ 5,985,966	16.15%
Lennar Homes Of Texas Land & Construction Ltd (c)	Land & Improvements	2,626,594	7.09%
Astro Rosenberg LP (b)	Land & Improvements	2,518,106	6.80%
LGI Homes Texas LLC (c)	Land & Improvements	2,015,877	5.44%
H & B Land Holdings LLC	Land & Improvements	1,775,400	4.79%
HSB Construction Services LLC	Land & Improvements	1,319,687	3.56%
LDO-MM Investments LLC	Land & Improvements	1,067,347	2.88%
Caterpillar Financial Services Corp	Land & Improvements	1,029,932	2.78%
Built Capital Model Home Fund III LLC & Built Capi-	Land & Improvements	557,456	1.50%
Nestwell Properties LLC	Land & Improvements	<u>\$ 477,725</u>	<u>1.29%</u>
Total		<u>\$ 19,374,090</u>	52.29%

- (a) Represents the principal taxpayers in the Service Area as shown in the Participant’s certified appraisal rolls for the 2024 tax year.
- (b) See “THE DEVELOPER – Developer.”
- (c) See “THE REGIONAL DISTRICT – Homebuilders Active Within the Service Area.”

THE REGIONAL DISTRICT FACILITIES

General

The internal water distribution, wastewater collection, and stormwater facilities are being provided by the Participants. Water supply and wastewater treatment are being provided and financed by the Regional District contractual agreements. All of such water, wastewater, and drainage facilities are referred to herein as the “System.” The Regional District, pursuant to the Regional District Contract, has the responsibility to finance such regional facilities necessary to serve the Service Area.

Regulation

Construction and operation of the water, wastewater, and drainage facilities serving the Service Area is subject to regulation by all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the United States Environmental Protection Agency, TCEQ, Fort Bend County, the City, and the Fort Bend County Drainage District. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water Supply and Wastewater Treatment

The Participants obtain water from the Regional District which obtains water facilities that it operates pursuant to equipment lease agreements. The water supply facilities include two (2) water wells; one (1) hydro-pneumatic tank; one (1) ground storage tank; and booster pumps.

The water supply facilities are capable of serving the 1,583 ESFCs, which is sufficient to serve the existing connections in the Service Area.

The Participants obtain wastewater service from the Regional District. The Regional District currently leases a 0.21 MGD wastewater treatment plant facility from AUC Group, Inc. to serve the Service Area. The Developer has obtained the TPDES Permit No. WQ0016141001, dated April 7, 2023, authorizing the treatment and disposal from the plant with a permitted maximum daily effluent flow not to exceed 1.20 MGD ultimately. The Regional District is currently operating in the Interim I Phase of the permit which limits its daily flow to 0.20 MGD.

The wastewater capacity is capable of serving 700 ESFCs, which is sufficient to serve the existing connections in the Service Area.

Storm Drainage

The natural course of drainage on the eastern side of the Service area flows to the eastern detention ponds that outfalls to Snake Creek. The natural course of drainage on the western side of the pond flows to the western detention ponds that outfalls to Turkey Creek. Storm water is maintained within the detention ponds.

Drainage improvements that serve the District include curb and gutter roads, inlets, underground storm sewer, drainage channels and storm water detention basins that convey and provide detention capacity for storm sewer runoff.

100-Year Flood Plain

“Flood Insurance Rate Map” or “FIRM” means an official map of a community on which the Federal Emergency Management Agency (“FEMA”) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the “100-year flood plain,” is depicted on these maps. The 100-year flood plain as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, approximately 99.21 acres within the Service Area lie within the 100-year floodplain.

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

LEGAL MATTERS

Legal Proceedings

Delivery of each series 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 special obligations of the District under the Constitution and laws of the State of Texas payable from the Water, Sewer, and Drainage Pledged Revenues, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of each series of the Bonds, the approving legal opinion of Bond Counsel, to a like effect, and to the effect that (i) interest on the Series 2025 Bonds is excludable from gross income of the holders for federal tax purposes under existing law, and (ii) interest on the Series 2025 Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Code (as defined below)) for the purpose of computing the alternative minimum tax imposed on corporations.

The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold, and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Regional District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

Legal Review

In its capacity as Bond Counsel, Allen Boone Humphries Robinson LLP, has reviewed the information appearing in this Official Statement under the captioned sections “THE BONDS” (except for information under the subheadings “Book-Entry-Only System,” “Use and Distribution of Proceeds of Series 2025 Bonds,” and “Use and Distribution of Proceeds of Series 2025A Bonds”) “THE PARTICIPANTS,” “REGIONAL DISTRICT CONTRACT,” “TAXING PROCEDURES,” “THE REGIONAL DISTRICT FACILITIES,” and “LEGAL MATTERS” (as it relates to the opinion of Bond Counsel), solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the Regional District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm’s limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

No-Litigation Certificate

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the Regional District, execute and deliver to the Initial Purchasers a certificate dated as of the Date of Delivery, to the effect that no litigation of any nature of which the Regional District has notice is pending against or, to the knowledge

of the Regional District's certifying officers, threatened against the Regional District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the Regional District or the title of the then present officers and directors of the Board.

No Material Adverse Change

The obligations of the Initial Purchasers to take and pay for the Bonds, and of the Regional 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 Regional District subsequent to the date of sale from that set forth or contemplated in the Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

Series 2025 Bonds

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Series 2025 Bonds is excludable from gross income for federal income tax purposes and interest on the Series 2025 Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Series 2025 Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Series 2025 Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Series 2025 Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Series 2025 Bonds for federal income tax purpose, and in addition, will rely on representations by the District, the District's Financial Advisor and the Initial Purchaser with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Initial Purchaser of the Series 2025 Bonds, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Series 2025 Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Series 2025 Bonds could become taxable from the date of delivery of the Series 2025 Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Series 2025 Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Series 2025 Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Series 2025 Bonds.

Prospective purchasers of the Series 2025 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and taxpayers otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Series 2025 Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions with respect to the Series 2025 Bonds are based on existing law which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such

opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Series 2025 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer and the owners of the Series 2025 Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Series 2025 Bonds could adversely affect the value and liquidity of the Series 2025 Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

The issue price of certain Series 2025 Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafterstated (a) The difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Series 2025 Bonds; and (b) Such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Series 2025 Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Series 2025 Bond at the initial offering price in the initial public offering of the Series 2025 Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Initial Purchaser has purchased the Series 2025 Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the Series 2025 Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Series 2025 Bond for purposes of determining the amount of gain or loss recognized by such owner upon redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price plus the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Series 2025 Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Series 2025 Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership and redemption, sale or other disposition of such Series 2025 Bonds.

Not Qualified Tax-Exempt Obligations

The Series 2025 Bonds have not been designated "qualified tax-exempt obligations" within the meaning of the Internal Revenue Code of 1986, as amended.

Series 2025A Bonds

The following discussion describes aspects of the principal U.S. federal tax treatment of U.S. persons that are beneficial owners ("Owners") of the Series 2025A Bonds. This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), published revenue rulings, judicial decisions and existing and proposed Treasury

regulations, including regulations concerning the tax treatment of debt instruments issued with original issue discount (the "OID Regulations"), changes to any of which subsequent to the date of this official statement may affect the tax consequences described herein.

This summary discusses only Series 2025A Bonds held as capital assets within the meaning of section 1221 of the Code. It does not discuss all of the tax consequences that may be relevant to an Owner in light of its particular circumstances or to Owners subject to special rules, such as certain financial institutions, insurance companies, tax-exempt organizations, foreign taxpayers, taxpayers who may be subject to the alternative minimum tax or personal holding company provisions of the Code, dealers in securities or foreign currencies, or Owners whose functional currency (as defined in section 985 of the Code) is not the U.S. dollar. Except as stated herein, this summary describes no federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Series 2025A Bonds. Investors who are subject to special provisions of the Code should consult their own tax advisors regarding the tax consequences to them of purchasing, holding, owning and disposing of the Series 2025A Bonds, including the advisability of making any of the elections described below, before determining whether to purchase the Series 2025A Bonds.

For purposes of this discussion, a "U.S. person" means an individual who, for U.S. federal income tax purposes, is a citizen or resident of the United States, or a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof, or an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source of income. The term also includes nonresident alien individuals, foreign corporations, foreign partnerships, and foreign estates and trusts to the extent that their ownership of the Series 2025A Bonds is effectively connected with the conduct of a trade or business within the United States, as well as certain former citizens and residents of the United States who, under certain circumstances, are taxed on income from U.S. sources as if they were citizens or residents.

In General. Income derived from a Series 2025A Bond by an Owner is subject to U.S. federal income taxation. In addition, a Series 2025A Bond held by an individual who, at the time of death, is a U.S. person is subject to U.S. federal estate tax.

Payments of Interest. Stated interest paid (and other original issue discount) on each Series 2025A Bond will generally be taxable in each tax year held by an Owner as ordinary interest income without regard to the time it otherwise accrues or is received in accordance with the Owner's method of accounting for federal income tax purposes. Special rules governing the treatment of original issue discount, acquisition premium, market discount or amortizable premium are described below.

Original Issue Discount. The issue price of certain of the Series 2025A Bonds is less than the stated redemption price at maturity of such Series 2025A Bonds (the "Discount Certificates"). Accordingly, as provided in the Code and the OID Regulations, the excess of the "stated redemption price at maturity" of each Discount Certificate over its "issue price" (defined as the initial offering price to the public, excluding bond houses and brokers, at which a substantial amount of the Series 2025A Bonds have been sold) will be original issue discount. Except as described below, Owners of Discount Certificates will have to include in gross income (irrespective of their method of accounting) a portion of such original issue discount for each year during which such Series 2025A Bonds are held, without regard to the time at which the cash to which such income is attributable will be received. The amount of original issue discount included in income for each year will be calculated under a constant yield to maturity formula that results in the allocation of less original issue discount to earlier years of the term of such Series 2025A Bonds and more original issue discount to the later years.

The foregoing summary is based on the assumptions that (a) the Initial Purchaser of the Series 2025A Bonds has purchased the Discount Certificates for contemporaneous sale to the general public and not for investment purposes, (b) all of the Discount Certificates have been offered, and a substantial amount of each maturity thereof has been sold to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Discount Certificates to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Series 2025A Bonds will be offered and sold in accordance with such assumptions.

Acquisition Premium. In the event that an Owner purchases a Series 2025A Bond at an acquisition premium (i.e., at a price in excess of its "adjusted issue price" but less than its stated redemption price at maturity), the amount includable in income in each taxable year as original issue discount is reduced by that portion of the acquisition premium properly allocable to such year. (For Series 2025A Bonds that are purchased at a price in excess of the stated redemption price at maturity, see the discussion below under the heading TAX MATTERS – Series 2025A Bonds – Amortizable Premium.) The adjusted issue price is defined as the sum of the issue price of the Bond and the aggregate amount of previously accrued original issue discount, less any prior payments of amounts included in its stated redemption price at maturity. Unless an Owner makes the accrual method election described below, acquisition premium is allocated on a pro rata basis to each accrual of original issue discount (i.e., to each six-month accrual period), so that the Owner is allowed to reduce each accrual of original issue discount by a constant fraction.

Market Discount. An Owner that purchases a Series 2025A Bond at a "market discount" will be subject to provisions in the Code that convert certain capital gain on the redemption, sale, exchange or other disposition of the Series 2025A Bond into

ordinary income. A Series 2025A Bond will have market discount to the extent the "revised issue price" of such Series 2025A Bond exceeds, by more than a de minimis amount, the Owner's tax basis in the Series 2025A Bond immediately after the Owner acquires the Series 2025A Bond. The "revised issue price" generally equals the issue price of the Series 2025A Bond plus the amount of original issue discount (computed without regard to any "acquisition premium" described above) that had accrued on such Series 2025A Bond as of the date the Owner acquired the Series 2025A Bond and reduced by the stated interest previously paid with respect to such Series 2025A Bond as of such date.

An Owner may elect to include market discount in income as it accrues, but such an election will apply to all market discount bonds acquired by such Owner on or after the first day of the first taxable year to which such election applies and is revocable only with permission from the Internal Revenue Service ("IRS"). Unless a Series 2025A Bond Owner elects to include market discount in income as it accrues, any partial principal payments on, or any gain realized upon the sale, exchange, disposition, redemption or maturity of a Series 2025A Bond will be taxable as ordinary income to the extent any market discount has accrued on such Series 2025A Bond. Market discount on a Series 2025A Bond would accrue ratably each day between the date an Owner purchases the Series 2025A Bond and the date of maturity. In the alternative, an Owner irrevocably may elect to use a constant interest accrual method under which marginally less market discount would accrue in early years and marginally greater amounts would accrue in later years.

If a Series 2025A Bond purchased with market discount is disposed of in a nontaxable transaction (other than a nonrecognition transaction described in section 1276(d) of the Code), accrued market discount will be includable as ordinary income to the Owner as if such Owner had sold the Series 2025A Bond at its then fair market value. An Owner of a Series 2025A Bond that acquired it at a market discount and that does not elect to include market discount in income on a current basis also may be required to defer the deduction for a portion of the interest expense on any indebtedness incurred or continued to purchase or carry the Series 2025A Bond until the deferred income is realized.

Amortizable Premium. An Owner that purchases a Series 2025A Bond for any amount in excess of its principal amount, or in the case of a Discount Certificate, its stated redemption price at maturity, will be treated as having premium with respect to such Series 2025A Bond in the amount of such excess. An Owner that purchases a Discount Certificate at a premium is not required to include in income any original issue discount with respect to such Series 2025A Bond.

If an Owner makes an election under section 171(c)(2) of the Code to treat such premium as "amortizable bond premium," the amount of interest that must be included in such Owner's income for each accrual period will be reduced by the portion of the premium allocable to such period based on the Series 2025A Bond's yield to maturity. If an Owner makes the election under section 171(c)(2), the election also shall apply to all taxable bonds held by the Owner at the beginning of the first taxable year to which the election applies and to all such taxable bonds thereafter acquired by such Owner, and it is irrevocable without the consent of the IRS. If such an election under section 171(c)(2) of the Code is not made, such an Owner must include the full amount of each interest payment in income in accordance with its regular method of accounting and will receive a tax benefit from the premium only in computing its gain or loss upon the sale of other disposition or retirement of the Series 2025A Bond. The existence of bond premium and the benefits associated with the amortization of bond premium vary with the facts and circumstances of each Owner. Accordingly, each Owner of a Series 2025A Bond should consult his own tax advisor concerning the existence of bond premium and the associated election.

Accrual Method Election. Under the OID Regulations, an Owner that uses an accrual method of accounting would be permitted to elect to include in gross income its entire return on a Series 2025A Bond (i.e., the excess of all remaining payments to be received on the Series 2025A Bond over the amount paid for the Series 2025A Bond by such Owner) based on the compounding of interest at a constant rate. Such an election for a Series 2025A Bond with amortizable bond premium (or market discount) would result in a deemed election for all of the Owner's debt instruments with amortizable bond premium (or market discount) and could be revoked only with the permission of the IRS with respect to debt instruments acquired after revocation.

Disposition or Retirement. Upon the sale, exchange or other disposition of a Series 2025A Bond, or upon the retirement of a Bond (including by redemption), an Owner will recognize gain or loss equal to the difference, if any, between the amount realized upon the disposition or retirement and the Owner's basis in the Series 2025A Bond. An Owner's tax basis for determining gain or loss on the disposition or retirement of a Series 2025A Bond will be the cost of such Series 2025A Bond to such Owner, increased by the amount of original issue discount and any market discount includable in such Owner's gross income with respect to such Series 2025A Bond, and decreased by the amount of any payments under the Series 2025A Bond that are part of its stated redemption price at maturity (i.e., all stated interest payments with respect to the Series 2025A Bonds previously paid) and by the portion of any premium applied to reduce interest payments as described above. Such gain or loss will be capital gain or loss (except to the extent the gain represents accrued original issue discount or market discount on the Series 2025A Bond not previously included in gross income, to which extent such gain would be treated as ordinary income). Any capital gain or loss will be long-term capital gain or loss if at the time of disposition or retirement the Series 2025A Bond has been held for more than one year.

Information Reporting and Backup Withholding. Payments to Non-U.S. Holders of interest on a Series 2025A Bond and amounts withheld from such payments, if any, generally will be required to be reported to the IRS and to the Non-U.S.

Holder. Copies of these information returns also may be made available to the tax authorities of the country in which the Non-U.S. Holder resides or is established under the provisions of a specific treaty or agreement. These reporting requirements apply regardless of whether withholding was reduced or eliminated by an applicable income tax treaty. Backup withholding generally will not apply to payments of principal and interest on Series 2025A Bonds if the Non-U.S. Holder furnishes a certification as to its Non-U.S. status or the Non-U.S. Holder otherwise establishes an exemption, provided that the applicable withholding agent does not have actual knowledge or reason to know that the Non-U.S. Holder is a United States person.

Payment of the proceeds of a disposition of a Series 2025A Bond effected by the U.S. office of a United States or foreign broker will be subject to information reporting and backup withholding unless the Non-U.S. Holder properly certifies under penalties of perjury as to its foreign status and certain other conditions are met or the Non-U.S. Holder otherwise establishes an exemption. Information reporting requirements and backup withholding generally will not apply to any payment of the proceeds of the disposition of a Series 2025A Bond effected outside the United States by a foreign office of a broker. However, unless such a broker has documentary evidence in its records of the Non-U.S. Holder's foreign status and certain other conditions are met, or the Non-U.S. Holder otherwise establishes an exemption, information reporting will apply to a payment of the proceeds of the sale of a Series 2025A Bond effected outside the United States by such a broker if it has certain relationships with the United States.

U.S. backup withholding tax is not an additional tax. Any amount withheld under the backup withholding rules is allowable as a credit against the U.S. Holder's U.S. federal income tax liability, if any, and a refund may be obtained if the amounts withheld exceed the U.S. Bondholder's actual U.S. federal income tax liability and the U.S. Holder timely provides the required information or appropriate claim to the IRS.

The Foreign Account Tax Compliance Act, or "FATCA," imposes a 30% withholding tax on certain types of payments made to foreign financial institutions, or "FFIs," and certain other non-U.S. entities, unless certain due diligence, reporting, withholding, and certification requirements are satisfied. As a general matter, FATCA imposes a 30% withholding tax on interest payments on a Series 2025A Bond, and (subject to the proposed United States Treasury regulations discussed below) payments of gross proceeds from the sale or other disposition of a Series 2025A Bond, that are made to an FFI or non-financial foreign entity unless (i) the foreign entity is an FFI that undertakes certain due diligence, reporting, withholding, and certification obligations, or in the case of an FFI that is a resident in a jurisdiction that has entered into an intergovernmental agreement to implement FATCA, the entity complies with the diligence, reporting, and other requirements of such an agreement, (ii) the foreign entity is not an FFI and either certifies that it does not have any "substantial" U.S. owners or furnishes identifying information regarding each substantial U.S. owner, or (iii) the foreign entity qualifies for an exemption from these rules. In certain cases, a "substantial" U.S. owner can mean an owner of any interest in the foreign entity. As noted above, withholding under FATCA can apply to payments of gross proceeds from the sale or other disposition of a Series 2025A Bond, in addition to interest payments. However, United States Treasury regulations have been proposed that would entirely eliminate FATCA withholding on payments of gross proceeds. Taxpayers generally may rely on these proposed United States Treasury regulations until the promulgation of final United States Treasury regulations. Prospective investors are encouraged to consult with their tax advisors regarding the possible implications of FATCA on their investment in the Series 2025A Bonds.

THE FEDERAL TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE DEPENDING UPON AN OWNER'S PARTICULAR SITUATION. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE TAX IMPLICATIONS OF HOLDING AND DISPOSING OF THE SERIES 2025A AND/OR SERIES 2025A BONDS UNDER APPLICABLE STATE OR LOCAL LAWS. FOREIGN INVESTORS SHOULD ALSO CONSULT THEIR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES UNIQUE TO INVESTORS WHO ARE NOT U.S. PERSONS.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The Regional District will provide certain updated financial information and operating data to the MSRB annually.

The information to be updated with respect to the Regional District includes all quantitative financial information and operating data of the general type included under "REGIONAL DISTRICT DEBT," (except under the subheading "Estimated Direct and Overlapping Debt Statement"), "TAX DATA," "APPENDIX A – Certain Financial Information Regarding the Participants," and "APPENDIX B – Financial Statements of the Participants." The Regional District will update and provide this information within six (6) months after the end of each of the fiscal years ending in or after 2025. The Regional District will provide the updated information to EMMA.

The Regional 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 of the Securities Exchange Act (the "Rule"). The updated information will include audited financial statements if an audit is commissioned and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the Regional District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six (6) month period, and audited financial statements when and if 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 Resolutions, or such other accounting principles as the Regional District and the Participants may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The Regional District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of 10 business days after the occurrence of an event. The Regional 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 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 Regional District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the Regional District or other obligated person or the sale of all or substantially all of the assets of the Regional 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 Regional 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 Regional 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 Regional District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligations" 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 Resolutions make any provision for debt service reserves or liquidity enhancement. In addition, the Regional District will provide timely notice of any failure by the Regional District to provide information, data, or financial statements in accordance with its agreement discussed under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

The Regional District has agreed to update information and to provide notices of material events only as described above. The Regional District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results, operations, conditions, or prospects or to update any information that is provided, except as described above. The Regional 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 Regional District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although registered owners and beneficial owners of the Bonds may seek a writ of mandamus to compel the Regional District to comply with its agreement.

The Regional District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Regional District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the Regional District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The Regional District may amend or repeal the agreement in the Bond Resolutions if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchasers from lawfully purchasing the Bonds in the initial offering. If the Regional District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement discussed under "CONTINUING DISCLOSURE OF INFORMATION – 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 are the first and second issuance of bonded indebtedness by the District, and, as such, the District has not previously entered into a continuing disclosure agreement pursuant to SEC Rule 15c2-12.

OFFICIAL STATEMENT

General

The information contained herein has been obtained primarily from the Regional District's records, the Regional District Engineer, the Developer, the Tax Assessor/Collector, and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein, except as described below. All of the summaries of the statutes, resolutions, orders, contracts, audits, and engineering and other related reports set forth herein 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 for further information.

The Regional District's financial statements and the financial statements for MUD 250A were audited by McGrath & Co., PLLC and are attached hereto under "APPENDIX B – Financial Statements of the Participants." McGrath & Co., PLLC has consented to the publication of such financial statements herein. The financial statements of MUD 250B have not been audited. See "APPENDIX B – Financial Statements of the Participants."

Experts

The information contained in the Official Statement relating to engineering and to the description of Regional District Facilities, and, in particular, that engineering information included under "THE REGIONAL DISTRICT – Status of Development Within the Service Area" and "THE REGIONAL DISTRICT FACILITIES," has been provided by the Regional District Engineer and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained herein relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations included under "TAX DATA" and "REGIONAL DISTRICT DEBT" was provided by the Tax Assessor/Collector and the Appraisal District. Such information has been included herein in reliance upon the Tax Assessor/Collector's authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

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

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 250 as of the date shown on the cover page hereof.

/s/ George Joseph Koch III
Vice President, Board of Directors
Fort Bend County Municipal Utility District No. 250

ATTEST:

/s/ Justin Vickrey
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 250

APPENDIX A

Certain Financial Information Regarding the Participants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 250

(IN ITS CAPACITY AS A PARTICIPANT)

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds	\$	379,400,000
Voter Authorized Unlimited Tax Refunding Water, Sewer, and Drainage Bonds.....	\$	189,700,000
Voter Authorized Unlimited Tax Road Bonds.....	\$	344,700,000
Voter Authorized Unlimited Tax Refunding Road Bonds	\$	172,350,000
Voter Authorized Unlimited Tax Park Bonds.....	\$	290,950,000
Voter Authorized Unlimited Tax Refunding Park Bonds	\$	145,570,000
Total Principal Amount of Unlimited Tax Bonds Issued.....	\$	0
Debt Service Tax Limitation (per \$100 of Assessed Valuation)		Unlimited
Maintenance and Operations Tax Limitation (per \$100 of Assessed Valuation)	\$	1.500
Maintenance and Operations Tax for Road Facilities Limitation (per \$100 of Assessed Valuation)		\$ 0.250
Contract Tax Limitation.....		Unlimited
Gross Outstanding Direct Debt.....	\$	0
2024 Gross Assessed Valuation	\$	180,595
Estimated Gross Assessed Valuation as of November 1, 2024	\$	180,595
Gross Assessed Valuation as a Percentage of the:		
2024 Gross Assessed Valuation of the Participants.....		0.49 %
Estimated Gross Assessed Valuation as of November 1, 2024.....		0.17 %
Average Annual Debt Service Requirement (2025–2049):	\$	912,641
Pro Rata Share Based on the 2024 Gross Assessed Valuation.....	\$	4,451
Pro Rata Share Based on the Estimated Gross Assessed Valuation as of November 1, 2024.....	\$	1,580
Maximum Annual Debt Service Requirement (2049):	\$	974,738
Pro Rata Share Based on the 2024 Gross Assessed Valuation.....	\$	4,754
Pro Rata Share Based on the Estimated Gross Assessed Valuation as of November 1, 2024.....	\$	1,688
Tax Rate Required to Pay Pro Rata Share Based Upon		
2024 Gross Assessed Valuation, at 95% Tax Collections		
Average Annual Debt Service Requirement.....	\$	2.60
Maximum Annual Debt Service Requirement.....	\$	2.78
Tax Rate Required to Pay Pro Rata Share Based Upon		
Estimated Gross Assessed Valuation as of November 1, 2024, at 95% Tax Collections		
Average Annual Debt Service Requirement.....	\$	0.93
Maximum Annual Debt Service Requirement.....	\$	0.99
Status of Development as of January 14, 2025 (a):		
Approximate Total Developed Acreage.....		0 (a)
Single-Family Homes.....		0
Total Developed Lots		0

(a) No lands in MUD 250 have or will be developed for single-family residential properties. Lands in MUD 250 are primarily dedicated to major thoroughfares, detention ponds, and commercial parcels.

Principal Taxpayers

The following represents the principal taxpayers on MUD 250's 2024 tax roll, as certified by the Appraisal District.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Gross Certified Assessed Valuation 2024 Tax Roll</u>
Astro Rosenberg LP	Land	\$ 77,298
Astro Rosenberg Future Phases LP	Land	3,528
Director Lot	Land	1,000
Director Lot	Land	1,000
Director Lot	Land	1,000
Director Lot	Land	1,000
Director Lot	Land	1,000
Total		<u>\$ 85,826</u>
Percent of Tax Roll (a)		47.52%

(a) Based on MUD 250's total taxable assessed valuation as of January 1, 2024.

Historical Tax Collections

To date, MUD 250 has not levied a tax rate.

Tax Rate Distribution

To date, MUD 250 has not levied a tax rate.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 250A

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds.....	\$	637,900,000
Voter Authorized Unlimited Tax Refunding Water, Sewer, and Drainage Bonds.....	\$	318,950,000
Voter Authorized Unlimited Tax Road Bonds.....	\$	632,500,000
Voter Authorized Unlimited Tax Refunding Road Bonds.....	\$	316,250,000
Voter Authorized Unlimited Tax Park Bonds.....	\$	290,950,000
Voter Authorized Unlimited Tax Refunding Park Bonds.....	\$	145,570,000
Total Principal Amount of Unlimited Tax Bonds Issued.....	\$	0
Debt Service Tax Limitation (per \$100 of Assessed Valuation).....		Unlimited
Maintenance and Operations Tax Limitation (per \$100 of Assessed Valuation).....	\$	1.500
Maintenance and Operations Tax for Road Facilities Limitation (per \$100 of Assessed Valuation).....		\$ 0.250
Contract Tax Limitation.....		Unlimited
Gross Outstanding Direct Debt.....	\$	0
2024 Gross Assessed Valuation.....	\$	36,738,314
Estimated Gross Assessed Valuation as of November 1, 2024.....	\$	104,010,343
Gross Assessed Valuation as a Percentage of the:		
2024 Gross Assessed Valuation of the Participants.....		99.22 %
Estimated Gross Assessed Valuation as of November 1, 2024.....		99.72 %
Average Annual Debt Service Requirement (2025–2049):.....	\$	912,641
Pro Rata Share Based on the 2024 Gross Assessed Valuation.....	\$	905,489
Pro Rata Share Based on the Estimated Gross Assessed Valuation as of November 1, 2024.....	\$	910,102
Maximum Annual Debt Service Requirement (2049):.....	\$	974,738
Pro Rata Share Based on the 2024 Gross Assessed Valuation.....	\$	967,098
Pro Rata Share Based on the Estimated Gross Assessed Valuation as of November 1, 2024.....	\$	972,025
Tax Rate Required to Pay Pro Rata Share Based Upon		
2024 Gross Assessed Valuation at 95% Tax Collections		
Average Annual Debt Service Requirement.....	\$	2.60
Maximum Annual Debt Service Requirement.....	\$	2.78
Tax Rate Required to Pay Pro Rata Share Based Upon		
Estimated Gross Assessed Valuation as of November 1, 2024, at 95% Tax Collections		
Average Annual Debt Service Requirement.....	\$	0.93
Maximum Annual Debt Service Requirement.....	\$	0.99
<u>Status of Single-Family Development as of January 14, 2025:</u>		
Approximate Total Developed Acreage.....		143.96
Single-Family Homes.....		353 (a)
Total Developed Lots.....		648

(a) Includes approximately 19 homes under construction as of January 14, 2025.

Principal Taxpayers

The following represents the principal taxpayers on MUD 250A's 2024 tax roll, as certified by the Appraisal District.

Taxpayer	Type of Property	Gross Certified Assessed Valuation 2024 Tax Roll
DSLDD Homes Southwest LLC	Land	\$ 5,985,966
Lennar Homes Of Texas Land & Construction Ltd	Land	2,626,594
Astro Rosenberg LP	Land	2,310,820
LGI Homes Texas LLC	Land	2,015,877
H & B Land Holdings LLC	Land	1,775,400
HSB Construction Services LLC	Land	1,319,687
LDO-MM Investments LLC	Land	1,067,347
Caterpillar Financial Services Corp	Land	1,029,932
Built Capital Model Home Fund III LLC & Built Capi	Land	557,456
Nestwell Properties LLC	Land	<u>477,725</u>
Total		\$ 19,166,804
Percent of Tax Roll (a)		52.14 %

(a) Based on MUD 250A's total taxable assessed valuation as of January 1, 2024.

Historical Tax Collections

The following represents the historical tax collections for MUD 250A.

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 09/30	Collections 02/19/2025
2023	3,114,559	\$1.50	\$ 46,718	99.46	2024	100.00
2024	36,728,629	\$1.50	550,929	98.04	2025	86.54

(a) Total tax rate per \$100 of assessed valuation for each respective tax year.

The following represents the components of the tax rate for MUD 250A over the 2023-2024 tax years.

	2024	2023
Debt Service	\$0.0000	\$0.0000
Contract Tax	\$0.0000	\$0.0000
Maintenance and Operations	<u>\$1.5000</u>	<u>\$1.5000</u>
	\$1.5000	\$1.5000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 250B

Voter Authorized Unlimited Tax Water, Sewer, and Drainage Bonds.....	\$	1,119,000,000
Voter Authorized Unlimited Tax Refunding Water, Sewer, and Drainage Bonds.....	\$	1,119,000,000
Voter Authorized Unlimited Tax Road Bonds.....	\$	1,110,000,000
Voter Authorized Unlimited Tax Refunding Road Bonds.....	\$	1,110,000,000
Voter Authorized Unlimited Tax Park Bonds.....	\$	436,425,000
Voter Authorized Unlimited Tax Refunding Park Bonds.....	\$	436,425,000
Total Principal Amount of Unlimited Tax Bonds Issued.....	\$	0
Debt Service Tax Limitation (per \$100 of Assessed Valuation).....		Unlimited
Maintenance and Operations Tax Limitation (per \$100 of Assessed Valuation).....	\$	1.500
Maintenance and Operations Tax for Road Facilities Limitation (per \$100 of Assessed Valuation).....		\$ 0.250
Contract Tax Limitation.....		Unlimited
Gross Outstanding Direct Debt.....	\$	0
2024 Gross Assessed Valuation.....	\$	109,603
Estimated Gross Assessed Valuation as of November 1, 2024.....	\$	109,603
Gross Assessed Valuation as a Percentage of the:		
2024 Gross Assessed Valuation of the Participants.....		0.30 %
Estimated Gross Assessed Valuation as of November 1, 2024 of the Participants.....		0.11 %
Average Annual Debt Service Requirement (2025–2049):.....	\$	912,641
Pro Rata Share Based on the 2024 Gross Assessed Valuation.....	\$	2,701
Pro Rata Share Based on the Estimated Gross Assessed Valuation as of November 1, 2024.....	\$	959
Maximum Annual Debt Service Requirement (2049):.....	\$	974,738
Pro Rata Share Based on the 2024 Gross Assessed Valuation.....	\$	2,885
Pro Rata Share Based on the Estimated Gross Assessed Valuation as of November 1, 2024.....	\$	1,024
Tax Rate Required to Pay Pro Rata Share Based Upon		
2024 Gross Assessed Valuation at 95% Tax Collections		
Average Annual Debt Service Requirement.....	\$	2.60
Maximum Annual Debt Service Requirement.....	\$	2.78
Tax Rate Required to Pay Pro Rata Share Based Upon		
Estimated Gross Assessed Valuation as of November 1, 2024, at 95% Tax Collections		
Average Annual Debt Service Requirement.....	\$	0.93
Maximum Annual Debt Service Requirement.....	\$	0.99
<u>Status of Single-Family Development as of January 14, 2025:</u>		
Approximate Total Developed Acreage.....		0
Single-Family Homes.....		0
Total Developed Lots.....		0

Principal Taxpayers

The following represents the principal taxpayers on MUD 250B's 2024 tax roll, as certified by the Appraisal District.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>Gross Assessed Valuation 2024 Tax Roll</u>
Astro Rosenberg LP	Land	\$ 63,230
Astro Rosenberg Future Phases LP	Land	3,162
Director Lot	Land	1,000
Director Lot	Land	1,000
Director Lot	Land	1,000
Director Lot	Land	1,000
Director Lot	Land	1,000
Total		<u>\$ 71,392</u>
Percent of Tax Roll		65.14%

Historical Tax Collections

To date, MUD 250B has not levied a tax rate.

Tax Rate Distribution

To date, MUD 250B has not levied a tax rate.

APPENDIX B
Financial Statements of the Participants

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 250**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2024

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 250
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of Fort Bend County Municipal Utility District No. 250 (the "District"), as of and for the year ended April 30, 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 General Fund of Fort Bend County Municipal Utility District No. 250, as of April 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

***Board of Directors
Fort Bend County Municipal Utility District No. 250
Fort Bend County, Texas***

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

Supplementary Information

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

McGuire & Co, P.C.

Houston, Texas
August 27, 2024

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Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 250
Management's Discussion and Analysis
April 30, 2024***

Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 250 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

Fort Bend County Municipal Utility District No. 250
Management's Discussion and Analysis
April 30, 2024

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at April 30, 2024, was negative \$6,920,187. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Fort Bend County and because the District relies on advances from its developer to fund operating costs. A comparative summary of the District's overall financial position, as of April 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 322,770	\$ 410
Capital assets	27,901,783	18,053,246
Total assets	<u>28,224,553</u>	<u>18,053,656</u>
Current liabilities	545,035	317,941
Long-term liabilities	34,599,705	21,732,909
Total liabilities	<u>35,144,740</u>	<u>22,050,850</u>
Net position		
Net investment in capital assets	(1,665,799)	(3,799,824)
Unrestricted	(5,254,388)	(197,370)
Total net position	<u>\$ (6,920,187)</u>	<u>\$ (3,997,194)</u>

Fort Bend County Municipal Utility District No. 250
Management's Discussion and Analysis
April 30, 2024

The total net position of the District decreased during the current fiscal year by \$2,922,993. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	<u>2024</u>	<u>2023</u>
Revenues		
Participant billings	<u>\$ 543,739</u>	<u>\$ -</u>
Expenses		
Current service operations	460,720	274,260
Debt interest and fees	302,701	
Depreciation	389,728	127,941
Total expenses	<u>1,153,149</u>	<u>402,201</u>
Change in net position before other item	(609,410)	(402,201)
Other item		
Transfers to other governments	<u>(2,313,583)</u>	<u>(3,594,993)</u>
Change in net position	(2,922,993)	(3,997,194)
Net position, beginning of year	<u>(3,997,194)</u>	<u>(3,997,194)</u>
Net position, end of year	<u><u>\$ (6,920,187)</u></u>	<u><u>\$ (3,997,194)</u></u>

Financial Analysis of the District's General Fund

Fund balance in the District's General Fund, as of April 30, 2024, was \$217,809. A comparative summary of the General Fund's financial position as of April 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 322,770</u>	<u>\$ 410</u>
Total liabilities	\$ 104,961	\$ 52,280
Total fund balance	<u>217,809</u>	<u>(51,870)</u>
Total liabilities and fund balance	<u><u>\$ 322,770</u></u>	<u><u>\$ 410</u></u>

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

	<u>2024</u>	<u>2023</u>
Total revenues	\$ 543,739	\$ -
Total expenditures	<u>(5,319,456)</u>	<u>(4,101,142)</u>
Revenues under expenditures	(4,775,717)	(4,101,142)
Other changes in fund balance	5,045,396	4,049,272
Net change in fund balance	<u><u>\$ 269,679</u></u>	<u><u>\$ (51,870)</u></u>

***Fort Bend County Municipal Utility District No. 250
Management's Discussion and Analysis
April 30, 2024***

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from participant billings and developer advances. Financial resources are influenced by a variety of factors each year:

- The District bills participants for their pro rata share of operating and maintenance expenses pursuant to the regional facilities agreement. See Note 11 for additional information.
- The District's developer advances advance funds to the District as needed to pay operating costs.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$310,950 greater than budgeted. The *Budgetary Comparison Schedule* on page 32 of this report provides variance information per financial statement line item.

Capital Assets

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

Fort Bend County Municipal Utility District No. 250
Management's Discussion and Analysis
April 30, 2024

Capital assets held by the District at April 30, 2024 and 2023, are summarized as follows:

	<u>2024</u>	<u>2023</u>
Capital assets not being depreciated		
Land and easements	<u>\$ 10,176,495</u>	<u>\$ 8,115,382</u>
Capital assets being depreciated		
Infrastructure	11,192,919	10,065,805
Landscaping improvements	2,819,914	
Right-to-use leased asset	4,230,124	
	<u>18,242,957</u>	<u>10,065,805</u>
Less accumulated depreciation		
Infrastructure	(376,673)	(127,941)
Landscaping improvements	(140,996)	
Right-to-use leased asset		
	<u>(517,669)</u>	<u>(127,941)</u>
Depreciable capital assets, net	<u>17,725,288</u>	<u>9,937,864</u>
Capital assets, net	<u>\$ 27,901,783</u>	<u>\$ 18,053,246</u>

Capital asset additions during the current year include the following:

- Emberly Doris Road, Segment 1 and 2, Median – landscape improvements
- Emberly Section 1 – landscape improvements
- Starbridge Section 4 – utilities
- Wastewater treatment plant phase 1 – right-to-use leased asset
- Land and easement acquisitions

During the current year, the District revised its estimate of the amounts due to developer for certain capital assets and adjusted the values of those assets accordingly.

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended April 30, 2024, capital assets in the amount of \$2,313,583 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Obligations for Financed Purchases and Leases

The District has entered into a financed purchase agreement to acquire a water treatment plant. The District recognized the equipment as a capital asset when the agreement was executed. As of April 30, 2024, the district had a liability in the amount of \$3,638,111 due under the agreement.

Fort Bend County Municipal Utility District No. 250
Management's Discussion and Analysis
April 30, 2024

Additionally, the District has entered into an equipment lease obligation for interim wastewater treatment plant. The District recognized a right-to-use leased asset and lease obligation in the amount of \$4,230,124 for this lease. The balance due for the lease as of April 30, 2024, was \$4,230,124. Regular monthly payments had not commenced as of April 30, 2024.

Long-Term Debt and Related Liabilities

As of April 30, 2024, the District owes approximately \$27,171,544 to its developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 5, the District has an additional commitment in the amount of \$15,456,377 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At April 30, 2024, the District, in its capacity as a participating district, had \$379,400,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$189,700,000 for the refunding of such bonds; \$290,950,000 for parks and recreational facilities and \$145,475,000 for the refunding of such bonds; and \$344,700,000 for road improvements and \$172,350,000 for the refunding of such bonds.

At April 30, 2024, the District, in its capacity as a Master District, had contract revenue bonds in the amount of \$661,700,000 authorized, but unissued for regional water, sewer and drainage facilities, \$209,150,000 for regional parks and recreational facilities, and \$203,800,000 for regional road improvements.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from participant billings and the projected cost of operating the District. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	<u>2024 Actual</u>	<u>2025 Budget</u>
Total revenues	\$ 543,739	\$ 1,049,425
Total expenditures	<u>(5,319,456)</u>	<u>(1,049,425)</u>
Revenues under expenditures	(4,775,717)	-
Other changes in fund balance	<u>5,045,396</u>	
Net change in fund balance	269,679	
Beginning fund balance	<u>(51,870)</u>	217,809
Ending fund balance	<u>\$ 217,809</u>	<u>\$ 217,809</u>

Basic Financial Statements

Fort Bend County Municipal Utility District No. 250
Statement of Net Position and Governmental Fund Balance Sheet
April 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 388	\$ -	\$ 388
Due from participants	201,002		201,002
Prepaid items	121,380		121,380
Capital assets not being depreciated		10,176,495	10,176,495
Capital assets, net		17,725,288	17,725,288
Total Assets	<u>\$ 322,770</u>	<u>27,901,783</u>	<u>28,224,553</u>
Liabilities			
Accounts payable	\$ 104,961		104,961
Due to developer		27,171,544	27,171,544
Long term obligations from financed purchases			
Due within one year		287,711	287,711
Due after one year		3,350,400	3,350,400
Lease obligations			
Due within one year		152,363	152,363
Due after one year		4,077,761	4,077,761
Total Liabilities	<u>104,961</u>	<u>35,039,779</u>	<u>35,144,740</u>
Fund Balance/Net Position			
Fund Balance			
Nonspendable	121,380	(121,380)	
Unassigned	96,429	(96,429)	
Total Fund Balance	<u>217,809</u>	<u>(217,809)</u>	
Total Liabilities and Fund Balance	<u>\$ 322,770</u>		
Net Position			
Net investment in capital assets		(1,665,799)	(1,665,799)
Unrestricted		(5,254,388)	(5,254,388)
Total Net Position		<u>\$ (6,920,187)</u>	<u>\$ (6,920,187)</u>

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 250

Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance

For the Year Ended April 30, 2024

	General Fund	Adjustments	Statement of Activities
Revenues			
Participant billings	\$ 543,739	\$ -	\$ 543,739
Expenditures/Expenses			
Operating and administrative			
Professional fees	191,876		191,876
Contracted services	21,792		21,792
Repairs and maintenance	227,475		227,475
Utilities	516		516
Administrative	18,759		18,759
Other	302		302
Capital			
Capital outlay	60,250	(60,250)	
Capital leases	4,230,124	(4,230,124)	
Debt service			
Lease - principal	265,661	(265,661)	
Lease - interest	302,701		302,701
Depreciation		389,728	389,728
Total Expenditures/Expenses	<u>5,319,456</u>	<u>(4,166,307)</u>	<u>1,153,149</u>
Revenues Under Expenditures/Expenses	(4,775,717)	4,166,307	(609,410)
Other Financing Sources			
Developer advances	815,272	(815,272)	
Lease financing	4,230,124	(4,230,124)	
Other Items			
Transfers to other governments		(2,313,583)	(2,313,583)
Net Change in Fund Balances	269,679	(269,679)	
Change in Net Position		(2,922,993)	(2,922,993)
Fund Balance/Net Position			
Beginning of the year	(51,870)	(3,945,324)	(3,997,194)
End of the year	<u>\$ 217,809</u>	<u>\$ (7,137,996)</u>	<u>\$ (6,920,187)</u>

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 250 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to House Bill 4634, 87th Regular Session of the Texas Legislature, codified at Chapter 7943A, Texas Special District Local Laws Code, effective May 27, 2021, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on May 24, 2022.

The District’s primary activities include construction, maintenance and operation of water, sewer, drainage, road improvements, and park facilities within the boundaries of the District, as well as the construction of similar facilities for an area known as Emberly (the “Master District Service Area”) pursuant to the Master District Contract discussed at Note 11. As further discussed in Note 10, the District transfers public road facilities to Fort Bend County upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. The District uses only a General Fund to account for its operations. The District's principal financial resources are from participant billings and developer advances. Expenditures include costs associated with the daily operations of the District.

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

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

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

Use of Restricted Resources

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

Prepaid Items

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

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

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

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

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	45 years
Landscaping improvements	20 years
Right-to-use leased assets	10 years

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

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District does not have any restricted fund balances.

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Fort Bend County Municipal Utility District No. 250
Notes to Financial Statements
April 30, 2024

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds	\$ 217,809
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
Historical cost	\$ 28,419,452
Less accumulated depreciation	<u>(517,669)</u>
Change due to capital assets	27,901,783
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i> .	
	(27,171,544)
Obligations pursuant to financed purchases are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	
	(3,638,111)
Leases are recorded as a capital expenditure and other financing source in the governmental funds. However, in the government wide statements, the capital lease is recorded as a liability.	
	(4,230,124)
Total net position - governmental activities	<u><u>\$ (6,920,187)</u></u>

Fort Bend County Municipal Utility District No. 250
Notes to Financial Statements
April 30, 2024

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

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

Net change in fund balances - total governmental funds \$ 269,679

Governmental funds report capital outlays for the construction of capital assets as expenditures. However, in the *Statement of Activities*, the cost of capital assets is charged to expense over of the estimated useful life of the asset.

Capital outlays	\$	60,250	
Depreciation expense		<u>(389,728)</u>	
			(329,478)

Governmental funds report the principal portion of lease payments as expenditures in the funds; however, in the *Statement of Net Position*, these payments are recorded as a reduction to the long-term lease liability. 265,661

Amounts received from the District's developer for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position*. (815,272)

The District conveys its roads to Fort Bend County upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the *Statement of Activities*, these amounts are reported as transfers to other governments. (2,313,583)

Change in net position of governmental activities \$ (2,922,993)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Note 3 – Deposits and Investments (continued)

Investments

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

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

Fort Bend County Municipal Utility District No. 250
Notes to Financial Statements
April 30, 2024

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2024, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and easements	\$ 8,115,382	\$ 2,061,113	\$ 10,176,495
Capital assets being depreciated			
Infrastructure	10,065,805	1,127,114	11,192,919
Landscaping improvements		2,819,914	2,819,914
Right-to-use leased asset		4,230,124	4,230,124
	<u>10,065,805</u>	<u>8,177,152</u>	<u>18,242,957</u>
Less accumulated depreciation			
Infrastructure	(127,941)	(248,732)	(376,673)
Landscaping improvements		(140,996)	(140,996)
Right-to-use leased asset		-	-
	<u>(127,941)</u>	<u>(389,728)</u>	<u>(517,669)</u>
Depreciable capital assets, net	<u>9,937,864</u>	<u>7,787,424</u>	<u>17,725,288</u>
Capital assets, net	<u>\$ 18,053,246</u>	<u>\$ 9,848,537</u>	<u>\$ 27,901,783</u>

Depreciation expense for the current fiscal year was \$389,728. During the current year, the District revised its estimate of the amounts due to developer for certain capital assets and adjusted the values of those assets accordingly.

Note 5 – Due to Developer

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

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

Fort Bend County Municipal Utility District No. 250
Notes to Financial Statements
April 30, 2024

Note 5 – Due to Developer (continued)

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

Due to developer, beginning of year	\$ 18,094,798
Developer funded construction and adjustments	8,261,474
Operating advances from developer	<u>815,272</u>
Due to developer, end of year	<u><u>\$ 27,171,544</u></u>

As discussed in Note 4, the District revised its estimate of amounts due to developer for certain capital assets and, as a result, has increased the reported liability.

In addition, the District will owe the developer approximately \$15,456,377, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	<u>Contract Amount</u>	<u>Percent Complete</u>
Utilities to serve Starbridge Section 2, Starbridge Drive and Universe Acre Drive*	\$ 1,514,463	87%
Dorris Road offsite storm and sanitary sewer	394,000	0%
Water Plant No. 1 - Phase 2 and remote well	5,200,000	0%
Emberly Section 4 - landscape improvements	957,549	74%
Emberly Sections 2, 3 and 5 - landscape improvements	1,072,008	16%
Emberly Amenity Center	<u>6,318,357</u>	0%
	<u><u>\$ 15,456,377</u></u>	

*District's estimated share of contract

Note 6 – Debt Obligations – Financed Purchase Agreement

On August 30, 2022, the District entered into an agreement to finance the purchase of a water treatment plant. This agreement is for a 120-month term at a rate of 8% with payments commencing May 1, 2023. The District has a long term liability in the amount of \$3,638,111 under the agreement, which is payable in monthly installments of \$47,364. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. During the current year, the District incurred total payments of \$568,362, which includes principal of \$265,661 and interest of \$302,701.

Fort Bend County Municipal Utility District No. 250
Notes to Financial Statements
April 30, 2024

Note 6 – Debt Obligations – Financed Purchase Agreement (continued)

Future annual payments under the agreement are as follows:

Year Ended	Principal	Interest	Total
2025	\$ 287,711	\$ 280,651	\$ 568,362
2026	311,591	256,771	568,362
2027	337,453	230,910	568,363
2028	365,461	202,901	568,362
2029	395,794	172,568	568,362
2030 - 2033	1,940,101	333,349	2,273,450
	<u>\$ 3,638,111</u>	<u>\$ 1,477,150</u>	<u>\$ 5,115,261</u>
Due within one year	<u>\$ 287,711</u>	<u>\$ 280,651</u>	<u>\$ 568,362</u>

Note 7 – Lease Obligations

On September 25, 2023, the District entered into an equipment lease agreement for a wastewater treatment plant. This lease is for a 120-month term at rate of 12%. The lease agreement shall automatically be extended on a month-to-month basis after the initial term, unless otherwise terminated. The District recognized a lease liability and an intangible right-to-use leased asset in the amount of \$4,230,124, which is measured at the present value remaining lease payments at May 1, 2023. The remaining balance of the liability at April 30, 2024, is \$4,230,124. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment. Monthly payments for the lease are \$60,690. Regular monthly payments had not commenced as of April 30, 2024.

Future annual payments under the agreement, based on an estimated commencement date of September 2024, are as follows:

Year Ended	Principal	Interest	Total
2025	\$ 152,363	\$ 333,157	\$ 485,520
2026	252,539	475,741	728,280
2027	284,567	443,713	728,280
2028	320,657	407,623	728,280
2029	361,325	366,955	728,280
2030 - 2035	2,858,673	1,025,487	3,884,160
	<u>\$ 4,230,124</u>	<u>\$ 3,052,676</u>	<u>\$ 7,282,800</u>
Due within one year	<u>\$ 152,363</u>	<u>\$ 333,157</u>	<u>\$ 485,520</u>

Standard lease terms require payment of the first and last month's lease payment upon execution of the lease. As of April 30, 2024, the District has prepaid \$121,380 for the first and last month's lease payments.

Fort Bend County Municipal Utility District No. 250
Notes to Financial Statements
April 30, 2024

Note 8 – Long-Term Debt

At April 30, 2024, the District, in its capacity as a participating district, had authorized but unissued bonds in the amount of \$379,400,000 for water, sewer and drainage facilities and \$189,700,000 for the refunding of such bonds; \$290,950,000 for park and recreational facilities and \$145,475,000 for the refunding of such bonds; and \$344,700,000 for road improvements and \$172,350,000 for the refunding of such bonds.

At April 30, 2024, the District, in its capacity as Master District, had contract revenue bonds of \$661,700,000 authorized, but unissued for the purpose of constructing regional water, sewer and drainage facilities needed to provide services to all participating districts, \$209,150,000 for regional park facilities and \$203,800,000 for regional road improvements.

Note 9 – Property Taxes

On November 8, 2022, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value and a rate limited to \$0.25 per \$100 assessed value for the maintenance of road facilities.

Note 10 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended April 30, 2024, the District recorded transfers to other governments in the amount of \$2,313,583 for road facilities constructed by a developer within the District.

Note 11 – Master District

Master District Agreement

On November 8, 2022, the District, in its capacity as a “Master District”, has entered into contracts with the District (in its capacity as a participating district) and Fort Bend County Municipal Utility District No. 250A (MUD 250A) for the financing, operation, and maintenance of regional water, sewer, drainage, roads, and park facilities (the “Master District Contract”) to serve an area known as Emberly (the “Master District Service Area”). On November 28, 2023, the District, in its capacity as a “Master District”, executed a contract to include Fort Bend County Municipal Utility District No. 250B (MUD 250B) into the Master District Contract, effective November 7, 2023. The District (in its capacity as a participating district) has the same rights and obligations as other participants and will levy taxes and issue bonds as needed to meet its contractual obligations to the Master District. The term of the contract is forty years.

Note 11 – Master District (continued)

Financing of Master District Facilities

The District (in its Master District capacity) intends to finance the cost of the regional water, sewer, and drainage facilities in the Master District Service Area through the issuance of its Master District Water, Sewer, and Drainage Contract Revenue Bonds, Park bonds and Road bonds pursuant to the Master District Contract. The District (in its Master District capacity) may determine to finance the construction of the regional park and road facilities either through the issuance of Contract Revenue Park and Road bonds or by imposing Park or Road Construction charges.

At April 30, 2024, the District, in its capacity as Master District, had contract revenue bonds of \$661,700,000 authorized, but unissued for the purpose of constructing regional water, sewer and drainage facilities needed to provide services to all participating district, \$209,150,000 for regional park facilities and \$203,800,000 for regional road improvements.

Operating and Maintenance Costs

The Master District shall charge a monthly fee to participating districts for budgeted expenses related to the operation and maintenance of the regional facilities, such cost per connection multiplied by the number of actual connections in the participating district.

The Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. Prior to commencement of services, the Master District shall bill the District an amount calculated by multiplying the monthly fee (as defined above) by three in order to provide the initial funding required to establish the reserve. The Master District shall adjust the reserve as needed, not less than annually.

For the fiscal year ended April 30, 2024, the Master District billed \$543,739 to MUD 250A for 100% of the operating and maintenance expenses pursuant to the regional facilities agreement.

Note 12 – Strategic Partnership Agreement

On November 15, 2022, the District entered into a Strategic Partnership Agreement (the "Agreement"), with the City of Rosenberg (the "City"). Pursuant to the Agreement, the City will not fully annex the District until the earlier one of the following conditions have been met: 1) until ninety percent of the District's water, wastewater, drainage and paving facilities (the "Facilities") have been constructed ("Substantial Completion") or 30 years from the date of the Agreement, whichever comes first and its developer have been reimbursed as allowed by the TCEQ; 2) at a point earlier than Substantial Completion if the City agrees that the developer may advance funds for the Facilities until Substantial Completion and the City will reimburse the developer as allowed by the TCEQ; or 3) at the expiration of the Agreement's 30 year term. In addition, the City may annex, for limited purposes, any commercial portions of the District at any given time. In such event, any annexed commercial property shall remain in the boundaries of the District which the District continues to exercise all powers and functions of a municipal utility district.

Fort Bend County Municipal Utility District No. 250
Notes to Financial Statements
April 30, 2024

Note 13 – Risk Management

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

Note 14 – Economic Dependency

The District is dependent upon its developer for operating advances. The developer continues to own a substantial portion of the taxable property within the District. The developer's willingness to make future operating advances and/or to pay property taxes will directly affect the District's ability to meet its future obligations.

Note 15 – Subsequent Event

On May 29, 2024, the District issued a \$5,950,000 bond anticipation note ("BAN") with an interest rate of 6.06%, which is due on May 28, 2025. Proceeds from the BAN were used to reimburse the District's developer for operating advances, infrastructure improvements in the District, District creation fees and land acquisitions. The district intends to repay this BAN with proceeds from the issuance of unlimited tax bonds.

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Required Supplementary Information

Fort Bend County Municipal Utility District No. 24
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Participant billings	\$ -	\$ -	\$ 543,739	\$ 543,739
Expenditures				
Operating and administrative				
Professional fees	150,000	165,000	191,876	(26,876)
Contracted services	18,000	18,000	21,792	(3,792)
Repairs and maintenance		22,620	227,475	(204,855)
Utilities			516	(516)
Administrative	20,689	26,289	18,759	7,530
Other	1,000	1,000	302	698
Capital				
Capital outlay			60,250	(60,250)
Capital leases			4,230,124	(4,230,124)
Debt service				
Lease - principal		568,362	265,661	302,701
Lease - interest			302,701	(302,701)
Total Expenditures	<u>189,689</u>	<u>801,271</u>	<u>5,319,456</u>	<u>(4,518,185)</u>
Revenues Under Expenditures	(189,689)	(801,271)	(4,775,717)	(3,974,446)
Other Financing Sources				
Developer advances	190,000	760,000	815,272	55,272
Lease financing			4,230,124	4,230,124
Net Change in Fund Balance	311	(41,271)	269,679	310,950
Fund Balance				
Beginning of the year	(51,870)	(51,870)	(51,870)	
End of the year	<u>\$ (51,559)</u>	<u>\$ (93,141)</u>	<u>\$ 217,809</u>	<u>\$ 310,950</u>

Fort Bend County Municipal Utility District No. 250
Notes to Required Supplementary Information
April 30, 2024

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 250

TSI-1. Services and Rates

April 30, 2024

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

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>	
Water:	\$ 25.00	5,000	N	\$ 1.75	5,001 to	10,000
				\$ 2.50	10,001 to	20,000
				\$ 3.25	20,001 to	50,000
				\$ 4.00	50,001 to	no limit
Wastewater:	\$ 45.00	-0-	Y			

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 33.75 Wastewater \$ 45.00

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	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	_____	_____		_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 250
TSI-1. Services and Rates
April 30, 2024

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

Gallons pumped:	<u>11,729,000</u>	Water Accountability Ratio:
Gallons sold to other Districts: *	<u>7,930,000</u>	(Gallons billed / Gallons pumped)
		<u>67.61%</u>

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

Does the District have Debt Service standby fees? Yes No

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes No

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

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

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

Is the District located within a city's extra territorial jurisdiction (ETJ)?
 Entirely Partly Not at all

ETJs in which the District is located: City of Rosenberg

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

If Yes, by whom? _____

* Gallons sold to Fort Bend County Municipal Utility District 250A.
 See accompanying auditor's report.

*Fort Bend County Municipal Utility District No. 250
 TSI-2. General Fund Expenditures
 For the Year Ended April 30, 2024*

Professional fees	
Legal	\$ 59,296
Audit	15,000
Engineering	117,580
	<u>191,876</u>
Contracted services	
Bookkeeping	18,000
Operator	1,630
Tap connection and inspection	2,162
	<u>21,792</u>
Repairs and maintenance	<u>227,475</u>
Utilities	<u>516</u>
Administrative	
Directors fees	10,474
Printing and office supplies	1,271
Insurance	4,812
Other	2,202
	<u>18,759</u>
Other	<u>302</u>
Capital	
Capital outlay	60,250
Capital leases	4,230,124
	<u>4,290,374</u>
Debt service	
Lease - principal	265,661
Lease - interest	302,701
	<u>568,362</u>
Total expenditures	<u><u>\$ 5,319,456</u></u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 250
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Two Fiscal Years

	Amounts		Percent of Fund Total Revenues	
	2024	2023	2024	2023
Revenues				
Participant billings	\$ 543,739	\$ -	100%	-
Expenditures				
Operating and administrative				
Professional fees	191,876	154,497	35%	-
Contracted services	21,792	15,050	4%	-
Repairs and maintenance	227,475		42%	
Utilities	516		*	
Administrative	18,759	19,226	3%	-
Other	302	8,597	*	-
Capital				
Capital outlay	60,250	3,903,772	11%	-
Capital leases	4,230,124		778%	
Debt service				
Lease - principal	265,661		49%	
Lease - interest	302,701		56%	
Total Expenditures	5,319,456	4,101,142	978%	-
Revenues Under Expenditures	\$ (4,775,717)	\$ (4,101,142)	(878%)	-

*Percentage is negligible

See accompanying auditor's report.

Fort Bend County Municipal Utility District No. 250
TSI-8. Board Members, Key Personnel and Consultants
April 30, 2024

Complete District Mailing Address: 3200 Southwest Freeway, Ste. 2600, Houston, Texas 77027-7537
District Business Telephone Number: (713) 860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): March 28, 2023
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members:				
Darrin Fentress	05/22 - 05/26	\$ 1,918	\$ 427	President
George Joseph Koch III	05/22 - 05/26	2,360	174	Vice President
Justin Vickrey	05/22 - 05/26	1,697	295	Secretary
Kyle Kraus	05/22 - 05/24	2,360	131	Assistant Vice President
Kelsy John	03/23 - 05/24	2,139	406	Assistant Secretary
Consultants:				
		<u>Amounts Paid</u>		
Allen Boone Humphries Robinson LLP <i>General legal fees</i>	2022	\$ 78,954		Attorney
Municipal District Services, LLC	2022	116,530		Operator
Myrtle Cruz, Inc.	2022	17,213		Bookkeeper
Assessments of the Southwest, Inc.	2022			Tax Collector
Fort Bend Central Appraisal District	Legislation			Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2023			Delinquent Tax Attorney
Quiddity Engineering, LLC	2022	79,157		Engineer
KGA/DeForest Design, LLC	2022			Landscape Architect
McGrath & Co., PLLC	2023	15,000		Auditor
Robert W. Baird & Co. Inc.	2022			Financial Advisor

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

**FORT BEND COUNTY MUNICIPAL
UTILITY DISTRICT NO. 250A**

FORT BEND COUNTY, TEXAS

FINANCIAL REPORT

April 30, 2024

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McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 250A
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and General Fund of Fort Bend County Municipal Utility District No. 250A (the "District"), as of and for the year ended April 30, 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 General Fund of Fort Bend County Municipal Utility District No. 250A, as of April 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

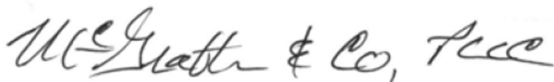
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part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

***Board of Directors
Fort Bend County Municipal Utility District No. 250A
Fort Bend County, Texas***

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

Supplementary Information

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



Houston, Texas
August 27, 2024

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Management's Discussion and Analysis

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***Fort Bend County Municipal Utility District No. 250A
Management's Discussion and Analysis
April 30, 2024***

Using this Annual Report

Within this section of the financial report of Fort Bend County Municipal Utility District No. 250A (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

Fort Bend County Municipal Utility District No. 250A
Management's Discussion and Analysis
April 30, 2024

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at April 30, 2024, was negative \$9,811,745. The District's net position is negative because the District incurs debt to construct road facilities which it conveys to Fort Bend County and because the District relies on advances from its developer to fund operating costs. A comparative summary of the District's overall financial position, as of April 30, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	\$ 103,115	\$ 488
Capital assets	7,052,599	
Total assets	<u>7,155,714</u>	<u>488</u>
Current liabilities	438,747	11,340
Long-term liabilities	16,528,712	102,500
Total liabilities	<u>16,967,459</u>	<u>113,840</u>
Net position		
Net investment in capital assets	(160,286)	
Unrestricted	(9,651,459)	(113,352)
Total net position	<u>\$ (9,811,745)</u>	<u>\$ (113,352)</u>

Fort Bend County Municipal Utility District No. 250A
Management's Discussion and Analysis
April 30, 2024

The total net position of the District decreased during the current fiscal year by \$9,698,393. A comparative summary of the District's *Statement of Activities* for the current year and prior fiscal year (unaudited) is as follows:

	<u>2024</u>	<u>2023</u>
Revenues		
Property taxes, penalties and interest	\$ 48,158	\$ -
Water and sewer service	52,731	
Other	469,794	
Total revenues	<u>570,683</u>	
Expenses		
Current service operations	1,031,463	113,352
Depreciation	160,286	
Total expenses	<u>1,191,749</u>	<u>113,352</u>
Change in net position before other items	(621,066)	(113,352)
Other items		
Transfers to other governments	<u>(9,077,327)</u>	
Change in net position	(9,698,393)	(113,352)
Net position, beginning of year	<u>(113,352)</u>	<u>(113,352)</u>
Net position, end of year	<u>\$ (9,811,745)</u>	<u>\$ (113,352)</u>

Financial Analysis of the District's General Fund

Fund Balance in the District's General Fund, as of April 30, 2024, was negative \$335,632. A comparative summary of the General Fund's financial position as of April 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Total assets	<u>\$ 103,115</u>	<u>\$ 488</u>
Total liabilities	\$ 438,747	\$ 11,340
Total fund balance	<u>(335,632)</u>	<u>(10,852)</u>
Total liabilities and fund balance	<u>\$ 103,115</u>	<u>\$ 488</u>

Fort Bend County Municipal Utility District No. 250A
Management's Discussion and Analysis
April 30, 2024

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

	2024	2023
Total revenues	\$ 570,683	\$ -
Total expenditures	<u>(1,031,463)</u>	<u>(113,352)</u>
Revenues under expenditures	(460,780)	(113,352)
Other changes in fund balance	<u>136,000</u>	<u>102,500</u>
Net change in fund balance	<u>\$ (324,780)</u>	<u>\$ (10,852)</u>

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. The District levied its first maintenance tax during the current fiscal year.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.
- The District's developer advances funds to the District as needed to pay operating costs.

The District relies on advances from its developer to supplement revenue shortfalls. The deficit fund balance in the General Fund is the result of timing differences between developer advances and expenditures for which those advances are intended to fund.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$332,091 less than budgeted. The *Budgetary Comparison Schedule* on page 28 of this report provides variance information per financial statement line item.

Capital Assets

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

Fort Bend County Municipal Utility District No. 250A
Management's Discussion and Analysis
April 30, 2024

Capital assets held by the District at April 30, 2024, are summarized as follows:

Capital assets being depreciated	
Infrastructure	\$ 7,212,885
Less accumulated depreciation	(160,286)
Depreciable capital assets, net	<u>\$ 7,052,599</u>

The District did not have any capital assets to report as of April 30, 2023.

Capital asset additions during the current year include the following:

- Utilities to serve Starbridge Sections 1, 4, and 8.
- Utilities to serve Emberly Sections 3 and 5.

Additionally, Fort Bend County assumes responsibility (after a one-year maintenance period) for road facilities constructed within the boundaries of the County. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued-up when the developer is reimbursed. For the year ended April 30, 2024, capital assets in the amount of \$9,077,327 have been recorded as transfers to other governments in the government-wide statements.

Long-Term Debt and Related Liabilities

As of April 30, 2024, the District owes approximately \$16,528,712 to the developer for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 5, the District has an additional commitment in the amount of \$2,366,040 for projects under construction by the developer. As noted, the District will owe its developer for these projects upon completion of construction. The District intends to reimburse the developer from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developer is trued up when the developer is reimbursed.

At April 30, 2024, the District had \$637,900,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$318,950,000 for the refunding of such bonds; \$290,950,000 for parks and recreational facilities and \$145,475,000 for the refunding of such bonds; \$632,500,000 for road improvements and \$316,250,000 for the refunding of such bonds.

Fort Bend County Municipal Utility District No. 250A
Management's Discussion and Analysis
April 30, 2024

Next Year's Budget

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

	<u>2024 Actual</u>	<u>2025 Budget</u>
Total revenues	\$ 570,683	\$ 1,410,000
Total expenditures	<u>(1,031,463)</u>	<u>(1,566,909)</u>
Revenues over/(under) expenditures	(460,780)	(156,909)
Other changes in fund balance	<u>136,000</u>	<u>160,000</u>
Net change in fund balance	(324,780)	3,091
Beginning fund balance	<u>(10,852)</u>	<u>(335,632)</u>
Ending fund balance	<u><u>\$ (335,632)</u></u>	<u><u>\$ (332,541)</u></u>

Property Taxes

The District's property tax base increased approximately \$32,870,000 for the 2024 tax year from \$3,114,559 to \$35,984,398, based on preliminary values.

Basic Financial Statements

Fort Bend County Municipal Utility District No. 250A
Statement of Net Position and Governmental Fund Balance Sheet
April 30, 2024

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 80,353	\$ -	\$ 80,353
Customer service receivables	20,759		20,759
Prepaid items	2,003		2,003
Capital assets, net		7,052,599	7,052,599
Total Assets	<u>\$ 103,115</u>	<u>7,052,599</u>	<u>7,155,714</u>
Liabilities			
Accounts payable	\$ 361,856		361,856
Other payables	166		166
Customer deposits	40,625		40,625
Unearned revenue	36,100		36,100
Due to developer		16,528,712	16,528,712
Total Liabilities	<u>438,747</u>	<u>16,528,712</u>	<u>16,967,459</u>
Fund Balances/Net Position			
Fund Balances			
Nonspendable	2,003	(2,003)	
Unassigned	(337,635)	337,635	
Total Fund Balances	<u>(335,632)</u>	<u>335,632</u>	
Total Liabilities and Fund Balances	<u>\$ 103,115</u>		
Net Position			
Net investment in capital assets		(160,286)	(160,286)
Unrestricted		(9,651,459)	(9,651,459)
Total Net Position		<u>\$ (9,811,745)</u>	<u>\$ (9,811,745)</u>

See notes to basic financial statements.

Fort Bend County Municipal Utility District No. 250A

**Statement of Activities and Governmental Fund Revenues, Expenditures and Change in Fund Balance
For the Year Ended April 30, 2024**

	General Fund	Adjustments	Statement of Activities
Revenues			
Water service	\$ 29,760	\$ -	\$ 29,760
Sewer service	22,971		22,971
Property taxes	46,718		46,718
Penalties and interest	1,440		1,440
Tap connection and inspection	464,870		464,870
Miscellaneous	4,915		4,915
Investment earnings	9		9
Total Revenues	570,683		570,683
Expenditures/Expenses			
Current service operations			
Purchased services	543,740		543,740
Professional fees	133,913		133,913
Contracted services	265,001		265,001
Repairs and maintenance	74,151		74,151
Administrative	12,045		12,045
Other	2,613		2,613
Depreciation		160,286	160,286
Total Expenditures/Expenses	1,031,463	160,286	1,191,749
Revenues Under Expenditures/Expenses	(460,780)	(160,286)	(621,066)
Other Financing Sources			
Operating advances	136,000	(136,000)	
Other Item			
Transfers to other governments		(9,077,327)	(9,077,327)
Net Change in Fund Balances	(324,780)	324,780	
Change in Net Position		(9,698,393)	(9,698,393)
Fund Balance/Net Position			
Beginning of the year	(10,852)	(102,500)	(113,352)
End of the year	\$ (335,632)	\$ (9,476,113)	\$ (9,811,745)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Fort Bend County Municipal Utility District No. 250A (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was created by the division of Fort Bend County Municipal Utility District No. 250 (“MUD 250”) which was created and established pursuant House Bill 4634, 87th Regular Session of the Texas Legislature, codified at Chapter 7943A, Texas Special District Local Laws Code, effective May 27, 2021, and operates pursuant to Chapters 49 and 54, Texas Water Code. MUD 250 adopted an Order Dividing District which divided MUD 250 into five districts: MUD 250, the District, Fort Bend County Municipal Utility District No. 250B, Fort Bend County Municipal Utility District No. 250C, and Fort Bend County Municipal Utility District No. 250D. The Board of Directors held its first meeting on June 22, 2022, and the District’s creation was confirmed at an election held on November 8, 2022.

The District’s primary activities include construction, maintenance and operation of water, sewer and drainage, road improvements, and park facilities within the boundaries of the District. As discussed in Note 8, Fort Bend County assumes responsibility for the maintenance of public roads upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. The District uses only a General Fund to account for its operations. The District's principal revenue sources are water and sewer service fees, tap connection and inspection fees, property taxes and developer advances. Expenditures include costs associated with the daily operations of the District.

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

Measurement Focus and Basis of Accounting

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

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

Use of Restricted Resources

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

Prepaid Items

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

Note 1 – Summary of Significant Accounting Policies (continued)

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At April 30, 2024, an allowance for uncollectible accounts was not considered necessary.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of \$15,000 or more and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method over an estimated useful life of 45 years. The District's detention facilities and drainage channels are considered improvements to land and are nondepreciable.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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

Note 1 – Summary of Significant Accounting Policies (continued)

Net Position – Governmental Activities (continued)

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District does not have any restricted fund balances.

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

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

Unassigned – deficit balance in the General Fund.

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

Use of Estimates

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

Fort Bend County Municipal Utility District No. 250A
Notes to Financial Statements
April 30, 2024

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental fund	\$ (335,632)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.	
Historical cost	\$ 7,212,885
Less accumulated depreciation	<u>(160,286)</u>
Change due to capital assets	7,052,599
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the <i>Statement of Net Position</i> .	
	(16,528,712)
Total net position - governmental activities	<u><u>\$ (9,811,745)</u></u>

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

Net change in fund balance - governmental fund	\$ (324,780)
In the <i>Statement of Activities</i> , the cost of capital assets is charged to depreciation expense over the estimated useful life of the asset.	
	(160,286)
Amounts received from the District's developer for operating advances provide financial resources at the fund level, but are recorded as a liability in the <i>Statement of Net Position</i> .	
	(136,000)
The District conveys public roads to Fort Bend County upon completion of construction. Since these improvements are funded by the developer, financial resources are not expended in the fund financial statements; however, in the <i>Statement of Activities</i> , these amounts are reported as transfers to other governments.	
	(9,077,327)
Change in net position of governmental activities	<u><u>\$ (9,698,393)</u></u>

Fort Bend County Municipal Utility District No. 250A
Notes to Financial Statements
April 30, 2024

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

Note 4 – Capital Assets

A summary of changes in capital assets, for the year ended April 30, 2024, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets being depreciated			
Infrastructure	\$ -	\$ 7,212,885	\$ 7,212,885
Less accumulated depreciation		(160,286)	(160,286)
Depreciable capital assets, net	<u>\$ -</u>	<u>\$ 9,046,696</u>	<u>\$ 7,052,599</u>

Depreciation expense for the current fiscal year was \$160,286.

Fort Bend County Municipal Utility District No. 250A
Notes to Financial Statements
April 30, 2024

Note 5 – Due to Developer

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

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

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

Due to developer, beginning of year	\$ 102,500
Developer funded construction	16,290,212
Operating advances	<u>136,000</u>
Due to developer, end of year	<u><u>\$ 16,528,712</u></u>

In addition, the District will owe the developer approximately \$2,366,040, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District’s auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	<u>Contract Amount</u>	<u>Percentage Completed</u>
Starbridge Section 2, Starbridge Drive and Universe Acre Drive - water, sewer, drainage*	\$ 2,366,040	88%

*District's share of the contract

Note 6 – Long-Term Debt

At April 30, 2024, the District had \$637,900,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and \$318,950,000 for the refunding of such bonds; \$290,950,000 for parks and recreational facilities and \$145,475,000 for the refunding of such bonds; \$632,500,000 for road improvements and \$316,250,000 for the refunding of such bonds.

Fort Bend County Municipal Utility District No. 250A
Notes to Financial Statements
April 30, 2024

Note 7 – Property Taxes

On November 8, 2022, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.50 per \$100 of assessed value. In addition, the voters of the District authorized the District’s Board of Directors to levy a road maintenance tax limited to \$0.25 per \$100 of assessed value.

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

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of \$1.50 per \$100 of assessed value, all of which was allocated to maintenance and operations. The resulting tax levy was \$46,718 on the adjusted taxable value of \$3,114,559.

Note 8 – Transfers to Other Governments

Fort Bend County assumes responsibility for the maintenance of public roads constructed within the county limits. Accordingly, road facilities are considered to be capital assets of Fort Bend County, not the District and are recorded as transfers to other governments on the *Statement of Activities* upon completion of construction. This cost is trued-up when the developer is subsequently reimbursed. For the year ended April 30, 2024, the District recorded transfers to other governments in the amount of \$9,077,327 for road facilities constructed by a developer within the District.

Note 9 – Master District

Master District Agreement

On November 8, 2022, the District, entered into a contract with Fort Bend County Municipal Utility District No. 250 (the “Master District”), whereby the Master District agrees to provide regional water, sewer, drainage, roads, and park facilities (the “Master District Contract”) necessary to serve an area known as Emberly (the “Master District Service Area”). The term of the contract is forty years.

Financing of Master District Facilities

The Master District intends to finance the cost of the regional water, sewer, and drainage facilities in the Master District Service Area through the issuance of its Master District Water, Sewer, and Drainage Contract Revenue Bonds, Park bonds and Road bonds pursuant to the Master District Contract. The Master District may determine to finance the construction of the regional park and road facilities either through the issuance of Contract Revenue Park and Road bonds or by imposing Park or Road Construction charges.

Fort Bend County Municipal Utility District No. 250A
Notes to Financial Statements
April 30, 2024

Note 9 – Master District (continued)

Financing of Master District Facilities (continued)

At April 30, 2024, the Master District had contract revenue bonds of \$661,700,000 authorized, but unissued for the purpose of constructing regional water, sewer and drainage facilities needed to provide services to the participating districts, \$209,150,000 for regional park facilities and \$203,800,000 for regional road improvements.

Operating and Maintenance Costs

The Master District shall charge a monthly fee to participating districts for budgeted expenses related to the operation and maintenance of the regional facilities, such cost per connection multiplied by the number of actual connections in the participating district.

The Contract authorizes the establishment of an operating and maintenance reserve by the Master District equivalent to three months' operating and maintenance expenses, as set forth in the Master District's annual budget. Prior to commencement of services, the Master District shall bill the District an amount calculated by multiplying the monthly fee (as defined below) by three in order to provide the initial funding required to establish the reserve. The Master District shall adjust the reserve as needed, not less than annually.

For the year ended April 30, 2024, the District recognized \$543,740 in expenditures for water supply services.

Note 10 – Strategic Partnership Agreement

On November 15, 2022, the District entered into a Strategic Partnership Agreement (the "Agreement"), with the City of Rosenberg (the "City"). Pursuant to the Agreement, the City will not fully annex the District until the earlier one of the following conditions have been met: 1) until ninety percent of the District's water, wastewater, drainage and paving facilities (the "Facilities") have been constructed ("Substantial Completion") or 30 years from the date of the Agreement, whichever comes first and its developer have been reimbursed as allowed by the TCEQ; 2) at a point earlier than Substantial Completion if the City agrees that the developer may advance funds for the Facilities until Substantial Completion and the City will reimburse the developer as allowed by the TCEQ; or 3) at the expiration of the Agreement's 30 year term. In addition, the City may annex, for limited purposes, any commercial portions of the District at any given time. In such event, any annexed commercial property shall remain in the boundaries of the District which the District continues to exercise all powers and functions of a municipal utility district.

Note 11 – Risk Management

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

Fort Bend County Municipal Utility District No. 250A
Notes to Financial Statements
April 30, 2024

Note 12 – Economic Dependency

The District is dependent upon its developer for operating advances. The developer continues to own a substantial portion of the taxable property within the District. The developer's willingness to make future operating advances and/or to pay property taxes will directly affect the District's ability to meet its future obligations.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 250A
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended April 30, 2024

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	\$ -	\$ -	\$ 29,760	\$ 29,760
Sewer service			22,971	22,971
Property taxes		46,000	46,718	718
Penalties and interest			1,440	1,440
Tap connection and inspection			464,870	464,870
Miscellaneous			4,915	4,915
Interest earnings			9	9
Total Revenues		46,000	570,683	524,683
Expenditures				
Current service operations				
Purchased services		40,000	543,740	(503,740)
Professional fees	105,000	105,000	133,913	(28,913)
Contracted services	12,000	12,000	265,001	(253,001)
Repairs and maintenance			74,151	(74,151)
Administrative	20,689	20,689	12,045	8,644
Other	1,000	1,000	2,613	(1,613)
Total Expenditures	138,689	178,689	1,031,463	(852,774)
Revenues Under Expenditures	(138,689)	(132,689)	(460,780)	(328,091)
Other Financing Sources				
Developer advances	140,000	140,000	136,000	(4,000)
Net Change in Fund Balance	1,311	7,311	(324,780)	(332,091)
Fund Balance				
Beginning of the year	(10,852)	(10,852)	(10,852)	
End of the year	\$ (9,541)	\$ (3,541)	\$ (335,632)	\$ (332,091)

Fort Bend County Municipal Utility District No. 250A
Notes to Required Supplementary Information
April 30, 2024

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Fort Bend County Municipal Utility District No. 250A
TSI-1. Services and Rates
April 30, 2024

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

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

2. Retail Service Providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate (Y / N)</u>	<u>Rate per 1,000 Gallons Over Minimum Usage</u>	<u>Usage Levels</u>	
Water:	\$ 25.00	5,000	N	\$ 1.75	5,001	to 10,000
				2.50	10,001	to 20,000
				3.25	20,001	50,000
				4.00	50,001	no limit
Wastewater:	\$ 45.00	0	Y			to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water \$ 33.75 Wastewater \$ 45.00

b. Water and Wastewater Retail Connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC'S</u>
Unmetered			x 1.0	
less than 3/4"	256	253	x 1.0	253
1"			x 2.5	
1.5"			x 5.0	
2"	5	5	x 8.0	40
3"			x 15.0	
4"			x 25.0	
Total Water	261	258		293
Total Wastewater	256	253	x 1.0	253

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 250A

TSI-1. Services and Rates

April 30, 2024

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

* Gallons purchased:	<u>7,930,000</u>	Water Accountability Ratio:
Gallons billed to customers:	<u>7,930,000</u>	(Gallons billed / Gallons pumped)
		<u>100.00%</u>

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

Does the District have Debt Service standby fees? Yes No

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes No

County in which the District is located: Fort Bend County

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

City in which the District is located: _____

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

Entirely Partly Not at all

ETJs in which the District is located: City of Rosenberg

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

If Yes, by whom? _____

* Purchased from Fort Bend County MUD 250.

See accompanying auditors' report.

*Fort Bend County Municipal Utility District No. 250A
 TSI-2. General Fund Expenditures
 For the Year Ended April 30, 2024*

Purchased services	<u>\$ 543,740</u>
Professional fees	
Legal	90,718
Engineering	43,195
	<u>133,913</u>
Contracted services	
Bookkeeping	12,125
Operator	14,583
Tax assessor collector	500
Central appraisal district	2,160
Garbage collection	2,256
Tap connection and inspection	233,377
	<u>265,001</u>
Repairs and maintenance	<u>74,151</u>
Administrative	
Directors fees	8,627
Printing and office supplies	1,347
Insurance	379
Other	1,692
	<u>12,045</u>
Other	<u>2,613</u>
Total expenditures	<u><u>\$ 1,031,463</u></u>

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 250A
TSI-4. Taxes Levied and Receivable
April 30, 2024

	Maintenance Taxes
2023 Original Tax Levy	\$ 27,761
Adjustments	18,957
Adjusted Tax Levy	<u>46,718</u>
Total to be accounted for	<u>46,718</u>
Tax collections:	
Current year	<u>46,718</u>
Taxes Receivable, End of Year	<u>\$ -</u>
Taxes Receivable, By Years	
2023	<u>\$ -</u>
	<u>2023</u>
Property Valuations:	
Land	\$ 1,994,768
Improvements	64,744
Personal Property	1,055,047
Total Property Valuations	<u>\$ 3,114,559</u>
Tax Rate per \$100 Valuation:	
Maintenance tax rate	<u>\$ 1.50</u>
Adjusted Tax Levy:	<u>\$ 46,718</u>
Percentage of Taxes Collected to Taxes Levied ***	<u>100.00%</u>

* Maximum Maintenance Tax Rate Approved by Voters: \$1.50 on November 8, 2022

** Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 8, 2022

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 250A
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Two Fiscal Years

	Amounts		Percent of Fund Total Revenues	
	2024	2023**	2024	2023**
Revenues				
Water service	\$ 29,760	\$ -	5%	-%
Sewer service	22,971		4%	
Property taxes	46,718		9%	
Penalties and interest	1,440		*	
Tap connection and inspection	464,870		81%	
Miscellaneous	4,915		1%	
Interest earnings	9		*	
Total Revenues	570,683		100%	
Expenditures				
Current service operations				
Purchased services	543,740		95%	
Professional fees	133,913	89,708	23%	-
Contracted services	265,001	8,550	46%	-
Repairs and maintenance	74,151	500	13%	-
Administrative	12,045	14,459	2%	-
Other	2,613	135	*	-
Total Expenditures	1,031,463	113,352	179%	-
Revenues Under Expenditures	\$ (460,780)	\$ (113,352)	(79%)	-
Total Active Retail Water Connections	258	N/A		
Total Active Retail Wastewater Connections	253	N/A		

*Percentage is negligible

**Unaudited

See accompanying auditors' report.

Fort Bend County Municipal Utility District No. 250A
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended April 30, 2024

Complete District Mailing Address: 3200 Southwest Freeway, Suite 2600, Houston, TX 77027
District Business Telephone Number: (713) 860-6400
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): February 27, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.0600)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Cara Helmrich	11/23 - 05/26	\$ 1,326	\$ 54	President
Luis A. Vasquez	11/22 - 05/24	1,697	286	Vice President
Maurice Mullaly	11/22 - 05/26	1,918	258	Secretary
Morris Harmon	11/22 - 05/24	1,989	175	Assistant Secretary
Mariana Pope	02/24 - 05/28	663	2	Assistant Vice President
Andrew J. Miller	11/22 - 07/23	150	31	Former Director
Matthew L. Priest	11/22 - 11/23	221	10	Former Director
Tucker A. Novosad	11/22 - 11/23	663	151	Former Director
Consultants				
Allen Boone Humphries Robinson, LLP <i>General legal fees</i>	06/22	<u>\$ 75,500</u>		Attorney
Municipal District Services, LLC	12/22	257,588		Operator
Myrtle Cruz, Inc	06/22	11,852		Bookkeeper
Assessments of the Southwest, Inc.	07/22	500		Tax Collector
Fort Bend Central Appraisal District	Legislation	2,160		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	07/23			Delinquent Tax Attorney
Quiddity Engineering, LLC	06/22	38,421		Engineer
KGA/DeForest Design, LLC	06/22	2,465		Landscape Architect
McGrath & Co., PLLC	04/24			Auditor
Robert W. Baird & Co.	06/22			Financial Advisor

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



ANNUAL FINANCIAL REPORT

Of

Legal Name of District or Authority:	Fort Bend County MUD #250B
For the Fiscal Year Ended:	04/30/2024
Preparer:	Myrtle Cruz, Inc.
Title:	Bookkeeper
Date:	6/14/24
Telephone Number: (AC)	(713) 759-1368

3401 Louisiana St - Ste 400	Houston, Texas	77002-9552
District's Mailing Address	City, State	Zip Code

AUDIT REPORT EXEMPTION

Texas Water Code §49.198. AUDIT REPORT EXEMPTION (effective September 1, 2011)

§49.198(a) A district may elect to file annual financial reports with the executive director in lieu of the district's compliance with Section 49.191 provided:

§49.198(a)(1) The district had no bonds or other long-term (more than one year) liabilities outstanding during the fiscal period;

§49.198(a)(2) The district did not have gross receipts from operations, loans, taxes, or contributions in excess of \$250,000 during the fiscal period; and

§49.198(a)(3) The district's cash and temporary investments were not in excess of \$250,000 during the fiscal period.

§49.198(b) The annual financial report must be accompanied by an affidavit attesting to the accuracy and authenticity of the financial report signed by a duly authorized representative of the district.

§49.198(c) The annual financial report and affidavit in a format prescribed by the executive director must be on file with the executive director within 45 days after the close of the district's fiscal year.

§49.198(d) Districts governed by this section are subject to periodic audits by the executive director.

If the accompanying financial statements are compiled by a certified public accountant, see SSARS-1 and SSARS-7 for the applicable standards for reporting on compiled financial statements.

FILING AFFIDAVIT

To: Texas Commission on Environmental Quality

Under the penalties of perjury, I certify that I have inspected the attached balance sheet, statement of receipts and disbursements, including the accompanying schedules and statements, and to the best of my knowledge and belief, they are a true, correct, and complete representation of the financial condition of:

Fort Bend County MUD #250B as of
(Name of District)

04/30/2024 I also certify that the above district has complied in full
(Date of Fiscal Year End)

with all filing of audits, affidavits, and financial reports requirements of Section 49.194 of the Texas Water Code by filing copies of this Annual Financial Report in the district's office, located at:

3401 Louisiana St - Ste 400, Houston Texas 77002-9552
(Address of District)

Tina Soto - Bookkeeper

Tina Soto *(Typed Name and Title)*
Tina Soto *(Signature of Affiant)* 06/14/24 *(Date)*

Subscribed and Sworn to before me by this 14 day of _____

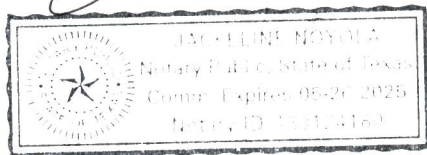
June, 2024 In and For Harris County, Texas

Jackeline Noyola

May 25, 2025

(Typed Name of Notary)

(My Commission Expires On)



District Name: _____

MISCELLANEOUS DISCLOSURES AND MAILING INFORMATION

as of the District's Fiscal Year-End

A. Disclosures to comply with Rule 30 TAC 293.95(b)

- (1) Was there any developer activity to prepare for residential or commercial development? "Developer activity" means construction performed or actions taken in preparation for construction (i.e., plans, permits) to provide services for or access to present or future residential or commercial water, sewer or drainage facilities. Yes No

If yes, have payments for these facilities been made by (an) other party (ies) on behalf of the district? Yes No

These payments are estimated to cumulatively be:

Cost	Amount
Organization Costs	\$ 93,000
Construction Costs	\$ 0
Administration Cost	\$ 0
Total Costs	\$ 93,000

- (2) Was the Board aware of any other types of contingent or actual liabilities (e.g., claims, lawsuits) which are not disclosed elsewhere in this report? Yes No

If yes, explain:

- B. Disclosures to comply with V.T.C.A. Water Code §49.054(e) and §49.455(j).** The Texas Commission on Environmental Quality must be notified of any changes in boundaries, board members, board terms, and addresses. Guidance for filing this information and a District Registration Form may be obtained by calling 512-239-4691.

C. Additional Information.

This report should be sent to:

District Creation Review Team,
MC-152
Texas Commission on Environmental Quality
P.O. Box 13087 Austin, TX 78711-3087

Phone Number: 512-239-4691

Fax Number: 512-239-6190

BALANCE SHEET – CASH BASIS

Asset Type	Amount
Cash on Hand	
Cash in Bank (Schedule A)	(\$ 15,640)
Investment (Schedule B)	
Total Cash and Investments ⁱ	(\$ 15,640)
Accrued Interest Receivable - Optional (Schedule B)	
Inventory	
General Fixed Assets	
Other Assets	
(Explain):	
Total Assets: ⁱⁱ	(\$ 15,640)

LIABILITIES AND EXCESS	Amount
Notes Payable	
Refundable Deposits	
Developer Advances	
Other Liabilities	
(Explain):	
Total Liabilities	
Excess Assets Over Liabilities	(\$ 15,640)
Total Liabilities and Excess ⁱⁱⁱ	(\$ 15,640)

Note to Preparer:

ⁱ "Total Cash and Investments" must equal "Cash and Investments – End of Year" on the Statement of Receipts and Disbursement", page 5.

ⁱⁱ Must equal "Total Liabilities and Excess"

ⁱⁱⁱ Must equal "Total Assets"

STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS

Receipts	Amount
Service Revenues	
Tax Receipts	
Penalty and Interest Received	
Interest Received on Investments	
Loans or Advances	\$ 93,000
All Other Receipts	
(Explain):	
Total Receipts	\$ 93,000

Less Disbursements	Amount
Purchased Services for Resale	
Payroll	
Legal, Accounting, or Contract Service	\$ 95,286
Supplies and Materials	\$ 303
Maintenance	\$ 2,318
Note Payments and Repayment of Advances	
All other Disbursements (Schedule C)	\$ 10,736
Total Disbursements	\$ 108,640
Excess of Receipts Over (under) Disbursements	(\$ 15,640)
Cash and Investments - Beginning of Year	\$ 0
Cash and Investment - End of Year (see Note 1 Page 4)	(\$ 15,640)

Note to Preparer: In addition to all disbursements related to the purchase of consumable supplies and materials, certain assets of insignificant value may be considered consumable and accordingly recognized under the account classification "Supplies and Materials." Please refer to Explanation of Terms, General Fixed Assets, pages 7 and 8 of this report, for additional clarification.

SCHEDULE A 1 – CASH IN BANKⁱ

Name of Bank	Account Number	Purpose of Account	Balance
Central Bank	6,040,292	Operations	(\$ 15,640)
TOTAL			(\$ 15,640)

SCHEDULE B – INVESTMENTSⁱⁱ

Type of Investment	Name of Bank	Certificate Number	Interest Rate	Maturity Date	Principal Balance	(Optional) Accrued Interest
			0.00%			
			0.00%			
			0.00%			
			0.00%			
TOTALS						

SCHEDULE C – SCHEDULE OF ALL OTHER DISBURSEMENTSⁱⁱⁱ

Description of Disbursements ^{iv}	Amount
Director Fees	\$ 6,630
Permit Fees	\$ 0
Payroll Taxes	\$ 507
Insurance Payment	\$ 2,776
Miscellaneous Expenses	\$ 150
Travel & Per Diem	\$ 673
TOTAL	\$ 10,736

ⁱ Please refer to Explanation of Terms, Cash in Bank, page 7 of this report, for proper reporting.

ⁱⁱ Please refer to Explanation of Terms, Investments, page 8 of this report, for proper reporting of “Principal Balance” and “Accrued Interest.”

ⁱⁱⁱ Please refer to Explanation of Terms, All Other Disbursements, page 7 of this report, for proper reporting of “All Other Disbursements.”

^{iv} A description should be given for each type of transaction and the amount of payments attributable to this type of disbursement. It may not be necessary to list each transaction separately.

EXPLANATION OF TERMS

All Other Disbursements - This classification should be used only for payments, which cannot be classified properly in the six remaining accounts listed on the Statement of Receipts and Disbursements. Schedule C, page 6, should be completed for any report, which utilizes the "All Other Disbursements" classification.

Cash Basis - The financial statements contained in this report are to be prepared on the cash basis of accounting. They are not intended to be in conformity with Generally Accepted Accounting Principles (GAAP). Only transactions involving the exchange of cash should be included in these statements. No liabilities should be recorded unless they arise from the transfer of money. Exceptions to this rule are listed in "Investments" and "General Fixed Assets" below. Receipts and disbursements should not be recorded until payment is made. For the purpose of the Statement of Receipts and Disbursements, movement of funds between checking accounts and investments should not be considered as receipts or disbursements.

Cash on Hand - Petty cash, checks, money orders, and bank drafts not on deposit.

Cash in Bank - (From Schedule A) - Cash deposited in the district's checking account(s). The reserves, restrictions, or limitations as to its availability should be so stated. The total amount shown on Schedule A must reflect the reconciled balance as of the fiscal year end and reported under the account classification "Cash in Bank" on the Balance Sheet.

Developer Advances - Amounts owed to a developer for cash placed in the district's account or otherwise paid to the district. However, amounts payable to a developer for which repayment is contingent upon a bond sale (or some other event) should not be included as a liability of the district. Please see the Miscellaneous Disclosures, page 3 of this report, for disclosure of these contingent liabilities.

Disbursements - All transactions involving the disbursement of the district's fund should be included in the disbursements section. Payments made on behalf of the district by a third party should not be listed as a disbursement for the purpose of this statement. See the Miscellaneous Disclosures, page 3, of this report, for disclosures of these payments.

Excess Assets Over Liabilities - The difference between "Total Assets" and "Total Liabilities." If liabilities exceed assets, this number should be shown as a negative amount.

General Fixed Assets - A fixed asset is one which the cost exceeds \$50 and has a productive life longer than one year. "Fixed" denotes the intent to continue use or possession; it does not indicate the immobility of the asset. An asset of cost not in excess of \$50 should be considered consumable and accordingly recognized under the account classification "Supplies and Materials" on the Statement of Receipts and Disbursements. A fixed asset purchased through the issuance of a short-term note payable should be reported as an asset at its full cost even though no cash transaction may have taken place. Likewise, the corresponding note payable should be reported in the liability section of the Balance Sheet. Fixed assets donated to the district by a developer should be included as "General Fixed Assets" on the Balance Sheet. However, no amounts should be recorded on the Statement of Receipts and Disbursements for this type of transaction. The Credit offset to the fixed asset will be included in "Excess Assets over Liabilities" on the Balance Sheet.

Investments (From Schedule B) - List the types of investments (certificates of deposit, savings accounts, securities) which generate income in the form of interest. This should not include any amounts listed on Schedule A as "Cash in Bank." The total amount shown on Schedule B for "Principal Balance" must be reported under the account classification "Investments" on the Balance Sheet. At the option of the preparer, any interest earned on investments but not yet received may be reported as "Accrued Interest" on Schedule B and in the Asset section of the Balance Sheet. Under no circumstance should accrued interest be included in "Interest Received

on Investments” under “Receipts” on page 5. “Interest Received on Investments” should include only amounts actually received during the fiscal year.

Inventories - The cost of materials and other items purchased for use during the fiscal year by which are not completely consumed by the end of the fiscal year.

Notes Payable - The total outstanding principal of short-term loans, which mature within one year of their issuance.

Other Liabilities - Only liabilities arising from the receipt of cash which cannot be properly classified in one of the other liability accounts should be listed in this classification along with a brief explanation of this liability. Accounts payable, accrued interest, and contracts payable should not be listed as liabilities in this report.

Receipts - All transactions involving the receipt of cash during the fiscal year should be included in the Receipts section. Only those amounts actually received during the fiscal year should be included. Amounts received for which repayment is contingent upon a bond sale (or some other event) should be included here. (See "Developer Advances" above for treatment of the contingent liability.)

Refundable Deposits - This amount reflects a liability arising from the receipt of deposits from customers, which will be refunded to the customer at some future date, based on the terms and conditions of the deposit agreement.

Rounding Instructions - Please round to the nearest whole dollar amount. For example:

\$467.50 should be rounded up to \$468 and \$3,678.49 should be rounded down to \$3,678.

APPENDIX C

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

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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