

OFFICIAL STATEMENT DATED JUNE 10, 2025

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The Bonds have been designated "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE – Book Entry Only

**S&P Global Ratings (AG Insured) "AA"
See "MUNICIPAL BOND INSURANCE" and "RATING" herein.**

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245

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

\$4,125,000

Unlimited Tax Bonds, Series 2025

Dated: July 1, 2025

Interest Accrues From: Date of Delivery

Due: September 1, as shown on inside cover

The \$4,125,000 Fort Bend County Municipal Utility District No. 245 Unlimited Tax Bonds, Series 2025 (the "Bonds"), are obligations of Fort Bend County Municipal Utility District No. 245 (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Fulshear, Texas; or any political subdivision or entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Fort Bend County, Texas; the City of Fulshear, Texas; nor any entity other than the District is pledged to the payment of the principal of or the interest on the Bonds.

The Bonds are dated July 1, 2025, and mature on September 1 in the years and in the principal amounts shown on the inside cover. Interest on the Bonds accrues from the initial date of delivery (on or about July 10, 2025) (the "Date of Delivery"), with interest payable on March 1, 2026, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of stated maturity or prior redemption. Principal of the Bonds is payable to the registered owners of the Bonds (the "Registered Owners") at, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"), upon surrender of the Bonds for payment at the stated maturity or upon prior redemption. Unless otherwise agreed between the Paying Agent/Registrar and a Registered Owner, interest on the Bonds is dated as of the Interest Payment Date and payable to each Registered Owner, as shown on the records of the Paying Agent/Registrar on the close of business on the 15th day of the calendar month next preceding each Interest Payment Date. The Bonds will be issued only in fully registered form in the denomination of \$5,000 of principal amount, or any integral multiple thereof.

The Bonds will be registered 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 nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by 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 "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" on inside cover.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY INC.**

**ASSURED
GUARANTY**

The Bonds are the first series of bonds issued by the District out of an aggregate of \$250,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System") and \$250,000,000 for the further purpose of refunding such bonds. The voters of the District have authorized the issuance of an aggregate of \$71,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing road facilities (the "Road System") and \$71,000,000 for the further purpose of refunding such bonds. In addition, the voters of the District have authorized the issuance of an aggregate of \$30,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System") and \$30,000,000 for the further purpose of refunding such bonds. Following the issuance of the Bonds, \$245,875,000 principal amount of unlimited tax bonds for the Utility System; \$68,060,000 principal amount of unlimited tax bonds for the Road System; and \$30,000,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. All refunding authorizations remain unissued. See "THE BONDS – Authority for Issuance."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. See "THE BONDS – Source of Payment." The Bonds are subject to special investment risks described herein. See "RISK FACTORS."

The Bonds are offered, when, as and if issued by the District and accepted by the Initial Purchaser (herein defined), 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 July 10, 2025.

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

\$4,125,000 Unlimited Tax Bonds, Series 2025

Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34687E (b)	Maturity September 1	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34687E (b)
2025	\$ 140,000	7.000%	3.550%	BA5	2038 (c)	\$ 160,000	4.500%	4.500%	BP2
2026	60,000	7.000%	3.350%	BB3	2039 (c)	170,000	4.500%	4.600%	BQ0
2027	90,000	7.000%	3.400%	BC1	2040 (c)	180,000	4.625%	4.700%	BR8
2028	95,000	7.000%	3.450%	BD9	2041 (c)	190,000	4.750%	4.800%	BS6
2029	100,000	7.000%	3.500%	BE7	2042 (c)	200,000	4.750%	4.850%	BT4
2030	105,000	7.000%	3.550%	BF4	2043 (c)	210,000	4.750%	4.900%	BU1
2031 (c)	110,000	7.000%	3.600%	BG2	2044 (c)	220,000	4.875%	4.950%	BV9
2032 (c)	120,000	7.000%	3.650%	BH0	2045 (c)	230,000	5.000%	5.000%	BW7
2033 (c)	125,000	6.250%	3.750%	BJ6	2046 (c)	240,000	5.000%	5.020%	BX5
2034 (c)	130,000	4.500%	4.000%	BK3	2047 (c)	255,000	5.000%	5.040%	BY3
2035 (c)	140,000	4.500%	4.150%	BL1	2048 (c)	270,000	5.000%	5.060%	BZ0
2036 (c)	145,000	4.500%	4.300%	BM9	2049 (c)	285,000	5.000%	5.070%	CA4
2037 (c)	155,000	4.500%	4.400%	BN7					

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- (a) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Initial Purchaser (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 September 1, 2031, and thereafter, shall be subject to redemption and payment at the option of the District, in whole or from time to time in part on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG 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 AG supplied by AG and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" at a price of 97.000644% of the par value thereof, which resulted in a net effective interest rate of 5.171234%, as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

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

Subject to certain restrictions described in the Official Notice of Sale, the prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THIS OFFERING, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon 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 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.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any

security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG (“AGM”), merged with and into AG, with AG as the surviving company (such transaction, the “Merger”). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

Current Financial Strength Ratings

On October 18, 2024, KBRA announced it had affirmed AG’s insurance financial strength rating of “AA+” (stable outlook).

On July 10, 2024, Moody’s, following Assured Guaranty’s announcement of the Merger, announced that it had affirmed AG’s insurance financial strength rating of “A1” (stable outlook).

On May 28, 2024, S&P announced it had affirmed AG’s financial strength rating of “AA” (stable outlook). On August 1, 2024, S&P stated that following the Merger, there is no change in AG’s financial strength rating of “AA” (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody’s and/or KBRA may take. For more information regarding AG’s financial strength ratings and the risks relating thereto, see AGL’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

Capitalization of AG

At March 31, 2025:

- The policyholders’ surplus of AG was approximately \$3,522 million.
- The contingency reserve of AG was approximately \$1,421 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,416 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG, and (ii) the net unearned premium reserves and net deferred ceding commissions of AG’s wholly owned subsidiary Assured Guaranty UK Limited (“AGUK”), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA (“AGE”).

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025).

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

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

Miscellaneous Matters

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

RATING

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

The District is not aware of any rating assigned to the Bonds other than the rating discussed above.

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The 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 District.....	Fort Bend County Municipal Utility District No. 245 (the "District"), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See "THE DISTRICT."
The Bonds.....	The District's \$4,125,000 Unlimited Tax Bonds, Series 2025 (the "Bonds"), are dated July 1, 2025, and mature on September 1 in the years and in the principal amounts as shown on the inside cover page hereof. Interest on the Bonds accrues from the initial date of delivery (on or about July 10, 2025) (the "Date of Delivery"), with interest payable on March 1, 2026, and each September 1 and March 1 thereafter until the earlier of stated maturity or prior redemption. See "THE BONDS."
Redemption of the Bonds.....	The Bonds that mature on and after September 1, 2031, are subject to redemption at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption of the Bonds."
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."
Outstanding Bonds.....	The District has previously issued one (1) series of unlimited tax bonds, as follows: \$2,940,000 Unlimited Tax Road Bonds, Series 2023. As of the Date of Delivery, \$2,940,000 principal amount of such previously issued bonds will remain outstanding (the "Outstanding Bonds"). See "THE BONDS – Outstanding Bonds."
Authority for Issuance.....	At an election held within the District on May 7, 2022, voters of the District authorized the District's issuance of a total of \$250,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System"); \$250,000,000 for the further purpose of refunding such bonds; \$71,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities (the "Road System"); \$71,000,000 for the further purpose of refunding such bonds; \$30,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System"); and \$30,000,000 for the further purpose of refunding such bonds. The Bonds represent the District's first series of bonds to be issued for the purpose of constructing or acquiring the Utility System. Following the issuance of the Bonds, \$245,875,000 principal amount of unlimited tax bonds for the Utility System; \$68,060,000 principal amount of unlimited tax bonds for the Road System; and \$30,000,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. All refunding authorizations remain unissued.

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District on May 7, 2022; a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the “Bond Resolution”); and an order of the Texas Commission on Environmental Quality (“TCEQ”). See “THE BONDS – Authority for Issuance.”

Source of Payment.....	The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Fulshear, Texas; or any entity other than the District. See “THE BONDS – Source of Payment.” The District is authorized to levy separate taxes to pay debt service on bonds issued for the Utility System and the Park System and to pay debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount.
Payment Record	The District has never defaulted on the timely payment of debt service on its bonded indebtedness.
Short-Term Debt	The District issued its \$2,380,000 Bond Anticipation Note, Series 2024 (the “BAN”), dated November 14, 2024. The BAN matures on November 13, 2025, and accrues interest at a rate of 5.350% per annum, calculated on the basis of a 365-day year. The District will use a portion of the proceeds from the sale of the 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 improvements and related costs shown under “THE BONDS – Use and Distribution of Proceeds of the Bonds.” See “THE BONDS – Short-Term Debt.”
Use of Proceeds of the Bonds.....	Proceeds from the sale of the Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs shown under “THE BONDS – Use and Distribution of Proceeds of the Bonds.” Additionally, proceeds from the sale of the 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 twelve (12) months of capitalized interest, developer interest, operating expenses, creation costs, and other certain costs associated with the issuance of the Bonds. See “THE BONDS – Use and Distribution of Proceeds of the Bonds.”
Qualified Tax-Exempt Obligations.....	The District has designated the Bonds as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”
Municipal Bond Insurance.....	ASSURED GUARANTY INC. (“AG”). See “MUNICIPAL BOND INSURANCE.”
Rating.....	S&P Global Ratings (AG Insured): “AA.” See “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.

THE DISTRICT

Description.....	The District is located in Fort Bend County, Texas, approximately 1 mile to the west of State Farm to Market Road 1093 and State Farm to Market Road 359 (FM 359). The District is bordered by the Polo Ranch Development to the south and east, FM 359 to the north, and Bessie’s Creek to the south. All of the land within the boundaries of the District is within the corporate boundaries of the City of Fulshear, Texas (the “City”). The District was created on December 16, 2021, as a municipal utility district under Article XVI, Section 59 of the Texas Constitution and operates under Chapters 49 and 54 of the Texas Water Code, as amended. As a result of a land swap with
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Fort Bend County Municipal Utility District No. 174, which occurred on December 16, 2022, the District now consists of approximately 228 acres. See “THE DISTRICT.”

Development within the District.....The District is being developed as the residential community known as Del Webb Fulshear, an active adult/retirement community with home ownership restricted to purchasers aged 55 or older with additional restrictions on children living in the home. Del Webb is a trademark community of Pulte Homes (herein defined). To date, approximately 94.165 acres within the District have been developed as 426 single-family lots in Del Webb Fulshear, Sections 1–5 and 7. As of May 1, 2025, development within the District consisted of approximately 197 completed homes (approximately 189 occupied, 2 unoccupied, and 6 model homes), approximately 22 homes under construction, and approximately 207 vacant, developed lots. The remainder of the District’s total acres consists of approximately 42.524 undevelopable acres and approximately 91.311 acres remaining for future development. The community includes an 18-hole putting course, 16,000+ sq. ft. amenity building, and an outdoor pool. See “THE DEVELOPER/PRINCIPAL LANDOWNERS,” “DEVELOPMENT OF THE DISTRICT,” and “THE DISTRICT.”

Developer and Principal LandownersPulte Homes of Texas, L.P., a Texas limited partnership (“Pulte Homes” or the “Developer”) wholly-owned by PulteGroup, Inc. (“PulteGroup”) is the sole Developer in the District.

PulteGroup is one of the largest homebuilders in the United States with operations in over 40 major cities. See “THE DEVELOPER/PRINCIPAL LANDOWNERS,” and “DEVELOPMENT OF THE DISTRICT.”

Fulshear Equine, LLC, a Texas limited liability company, and Mason Equest Investment, Inc., a Texas corporation (collectively, the “Principal Landowners”), own a combined total of approximately 64.169 acres of remaining developable land within the District, with Pulte having an option to purchase such acreage for development in the future.

Homebuilder Within the District.....Del Webb is the only active homebuilder in the District. Prices of new homes being constructed in the District range from approximately \$280,000 to approximately \$600,000. See “DEVELOPMENT OF THE DISTRICT – Homebuilder within the District.”

RISK FACTORS

THE DISTRICT’S TAX IS LEVIED ONLY ON THE PROPERTY LOCATED WITHIN THE DISTRICT. THEREFORE, THE INVESTMENT SECURITY AND QUALITY OF THE BONDS IS DEPENDENT UPON THE SUCCESSFUL DEVELOPMENT OF PROPERTY LOCATED WITHIN THE DISTRICT AND THE PAYMENT AND COLLECTION OF TAXES LEVIED THEREON.

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

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**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2024 Assessed Taxable Valuation	\$ 55,007,929	(a)
Estimated Taxable Valuation as of April 15, 2025	\$ 77,973,647	(b)
Direct Debt:		
The Outstanding Bonds (as of the Date of Delivery)	\$ 2,940,000	
The Bonds	\$ <u>4,125,000</u>	
Total	\$ 7,065,000	
Estimated Overlapping Debt	\$ <u>6,794,446</u>	(c)
Total Direct and Estimated Overlapping Debt	\$ 13,859,446	(c)
Direct Debt Ratios:		
As a percentage of 2024 Assessed Taxable Valuation	12.84	%
As a percentage of Estimated Taxable Valuation as of April 15, 2025	9.06	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2024 Assessed Taxable Valuation	25.20	%
As a percentage of Estimated Taxable Valuation as of April 15, 2025	17.77	%
Road System Debt Service Fund (as of May 1, 2025)	\$ 209,570	(d)
Utility System Debt Service Fund (as of the Date of Delivery)	\$ 208,851	(e)
Operating Fund Balance (as of May 1, 2025)	\$ 443,088	
Capital Projects Fund Balance (as of May 1, 2025)	\$ 32,805	
2024 Tax Rate per \$100 of Assessed Taxable Valuation		
Utility Debt Service	\$ 0.000	
Road Debt Service	\$ 0.415	
Maintenance and Operations	\$ <u>0.905</u>	
Total	\$ 1.320	
Average Annual Debt Service Requirement (2025–2049)	\$ 492,820	(f)
Maximum Annual Debt Service Requirement (2026)	\$ 517,566	(f)
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay		
Average Annual Debt Service Requirement (2025–2049) at 95% Tax Collections:		
Based on the 2024 Assessed Taxable Valuation	\$ 0.95	
Based on the Estimated Taxable Valuation as of April 15, 2025	\$ 0.67	
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay		
Maximum Annual Debt Service Requirement (2026) at 95% Tax Collections:		
Based on the 2024 Assessed Taxable Valuation	\$ 1.00	
Based on the Estimated Taxable Valuation as of April 15, 2025	\$ 0.70	
Single-Family Homes (including 22 under construction) as of May 1, 2025	219	(g)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX DATA – Assessed Taxable Valuation Summary" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Includes new construction within the District, from January 1, 2024, to April 15, 2025. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the bond resolution requires that the District maintain any particular sum in the Road System Debt Service Fund (herein defined). Funds in the Road System Debt Service Fund are pledged only to pay debt service on bonds issued by the District for the Road System (herein defined) and are not available to pay debt service on bonds issued by the District for the Utility System (herein defined), such as the Bonds.
- (e) Represents twelve (12) months of capitalized interest. At the delivery of the Bonds, twelve (12) months of capitalized interest will be deposited into the Utility System Debt Service Fund (herein defined) upon closing of the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay debt service on bonds issued by the District for the Utility System, such as the Bonds, and are not available to pay debt service on bonds issued by the District for the Road System.
- (f) Requirement of debt service on the Outstanding Bonds (herein defined) and the Bonds. See "DISTRICT DEBT – Debt Service Requirement Schedule."
- (g) Of the 197 homes completed as of May 1, 2025, approximately 189 homes were occupied.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245

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

\$4,125,000
Unlimited Tax Bonds
Series 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 245 (the "District") of its \$4,125,000 Unlimited Tax Bonds, Series 2025 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District on May 7, 2022; a resolution adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Resolution"); and an order of the Texas Commission on Environmental Quality ("TCEQ"). See "THE BONDS – Authority for Issuance" and "THE DISTRICT."

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

There follow in this Official Statement descriptions of the Bonds, the Bond Resolution, the Developer (herein defined) and certain information about the District and its development and 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 Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of the costs of duplication therefor.

RISK FACTORS

General

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. The District cannot predict the pace or magnitude of any future development or home construction in the District.

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

Dependence on Principal Taxpayers: The ability of any principal landowner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. As illustrated in this Official Statement under the caption "TAX DATA – Principal Taxpayers," the

District's principal taxpayers in 2024 owned property located within the District the aggregate assessed valuation of which comprised approximately 30.62% of the District's total 2024 Certified Assessed Valuation. The Developer represents \$11,861,920 or approximately 21.56% of the 2024 Taxable Assessed Valuation. In the event that the Developer, any other principal taxpayer, or any combination of taxpayers, should default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds will be dependent on its ability to enforce and liquidate its tax liens, which is a time-consuming process. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its interest and sinking fund. See "TAX DATA – Principal Taxpayers" and "TAXING PROCEDURES – Levy and Collection of Taxes."

Maximum Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The taxable assessed valuation as of January 1, 2024, of all taxable property located within the District is \$55,007,929 and the estimate of value as of April 15, 2025, is \$77,973,647. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement on the Outstanding Bonds and the Bonds (2026) is \$517,566, and the average annual debt service requirement on the Outstanding Bonds and the Bonds (2025–2049) is \$492,820. Assuming no decrease to the District's taxable assessed valuation as of January 1, 2024, debt service tax rates of \$1.00 and \$0.95 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. Assuming no decrease from the estimate of value as of April 15, 2025, debt service tax rates of \$0.70 and \$0.67 per \$100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "DISTRICT DEBT – Debt Service Requirement Schedule" and "TAX DATA – Tax Rate Calculations."

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. In 2024, the District levied a total tax rate of \$1.320 per \$100 taxable assessed valuation composed of: \$0.905 per \$100 of taxable assessed valuation for maintenance and operations and \$0.415 per \$100 taxable assessed valuation for debt service purposes.

Increase in Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's on-again, off-again tariffs, and the threatened impositions of tariffs may impact the ability of the homebuilders in the District to estimate costs. The federal administration's immigration policies may additionally impact the State's workforce, particularly in construction. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages that impact the homebuilders' ability to construct homes within the District. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values. The District makes no representations regarding the probability of development continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or homebuilders.

Vacant Developed Lots

As of May 1, 2025, approximately 207 developed lots within the District remained available for construction. Failure of the Developer and/or builders to construct taxable improvements on developed lots could result in substantial increases in the rate of taxation by the District during the term of the Bonds to pay debt service on the Bonds and any other tax supported debt of the District issued in the future. Future increases in value will result primarily from the construction of homes by builders. The District makes no representation that the lot sales and building program will be successful.

Potential Impact of Natural Disaster

The District could be impacted by a natural disaster such as wide-spread fires, earthquakes, or weather events such as hurricanes, tornadoes, tropical storms, or other severe weather events that could produce high winds, heavy rains, hail, and flooding. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value of the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

There can be no assurance that a casualty 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 District 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 District would be adversely affected. There can be no assurance the District will not sustain damage from such natural disasters.

Special Flood Type Risks

The District may be subject to the following flood risks:

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

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

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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.

Operating Funds

The District levied a 2025 maintenance tax of \$0.905 per \$100 of assessed valuation. The District's general fund balance as of May 1, 2025, was \$443,088. Attaining and maintaining a positive Operating Fund balance will depend upon (1) continued development, (2) increased amounts of maintenance tax revenue, and (3) funds from bond issues.

In the event that funds are not made available by the Developers, the District will be required to levy a maintenance tax at a rate sufficient (in combination with net revenues from the District's utility operations) to fund its operating expenses. Such a tax, when added to the District's debt service tax, may result in a total District 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 SYSTEM – General Fund Operating Statement."

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Competitive Nature of Residential Housing Market

The housing industry in the Houston area is very competitive, and the District can give no assurance that the building programs which are planned by the Developer will be continued or completed. The respective competitive position of the Developer and the homebuilder listed herein and any other developer or homebuilder(s) which might attempt future home building or development projects in the District, the sale of developed lots or in the construction and sale of single-family residential units, are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Nature of the District Development and Over 65/Disabled Exemption

The District is being developed as Del Webb Fulshear, an active adult/retirement community with home ownership restricted to purchasers age 55 or older. Pursuant to Texas law, the District may by its own action, exempt \$3,000 or more of the residential homestead value of persons sixty-five (65) years or older or disabled. Such exemption is to be considered annually, and once authorized may be repealed, decreased or increased by the Board or by a process of petition and referendum. The District may be required to offer such exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters

who voted in the preceding election. The District is authorized by statute to disregard such exemption if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Any tax exemption reduces the taxable value and a reduction in taxable value would likely result in an increase in the tax rate of the District. Granting such an exemption could affect the District's ability to issue bonds in the future. To date, the District has not adopted a homestead exemption of any kind. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

Additionally, pursuant to Texas law, the owner of residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) disabled, or (iii) as a disabled veteran under Texas law, is entitled by law to pay current taxes on such residential homestead in installments or to defer the payment of the taxes without penalty during the time of ownership if the resident files an affidavit with the Appraisal District. Such deferral prohibits the filing of a lawsuit to collect delinquent taxes until such time as the taxpayer no longer owns and occupies the property as a residence homestead. If a lawsuit to collect taxes is filed prior to the filing of such an affidavit, the taxpayer may obtain an abatement of such suit until such time as the taxpayer no longer owns and occupies the property as a resident homestead. Taxes and interest continue to accrue against the property and the lien securing such taxes and interest remains in existence during the deferral or abatement period. Because a significant portion of the District has been developed as a retirement community and a substantial proportion of the property owners currently within the District could be over 65 years of age or older or disabled, it is possible that deferrals and payment installments could significantly delay the collection of property taxes pledged for the payment of principal and interest on the Bonds. A significant amount of deferments and split payments could require a tax rate increase to compensate for the loss of timely tax revenue needed for the payment of debt service annually, which could decrease the value of residences in the District and affect the District's ability to issue bonds in the future. In addition, deferred taxes owed to all taxing jurisdictions may accumulate to amounts greater than the value of the residence. See "TAXING PROCEDURES – Property Subject to Taxation by the District" and "– Levy and Collection of Taxes."

Tax Collection Limitations

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

Registered Owners' Remedies and Bankruptcy Limitations

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901–946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debt; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain approval of the Texas Commission on Environmental Quality (the "TCEQ") prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts, and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is

feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

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

Marketability

The District has no understanding (other than the initial reoffering yields) with any purchaser of the Bonds 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."

Future Debt

At an election held within the District on May 7, 2022, voters of the District authorized the District's issuance of a total of \$250,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, wastewater and drainage facilities to serve the District (the "Utility System"); \$250,000,000 for the further purpose of refunding such bonds; \$71,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities (the "Road System"); \$71,000,000 for the further purpose of refunding such bonds; \$30,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities to serve the District (the "Park System"); and \$30,000,000 for the further purpose of refunding such bonds. The Bonds represent the District's first series of bonds to be issued for the purpose of constructing or acquiring the Utility System. Following the issuance of the Bonds, \$245,875,000 principal amount of unlimited tax bonds for the Utility System; \$68,060,000 principal amount of unlimited tax bonds for the Road System; and \$30,000,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. All refunding authorizations remain unissued. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District's certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not greater than three percent (3%) of the value of the taxable property in the District. Currently, the District is developing parks using surplus operating funds.

After the reimbursement to the Developer from the proceeds of the Bonds, the District will owe the Developer approximately \$24,700,000 for expenditures to construct the Utility System, the Road System, and the Park System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure of the 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 "TAX MATTERS."

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

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

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.

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 concluded 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.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption

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

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

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

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

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

Neither the District nor the Initial Purchaser have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" 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 Resolution. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Bond Counsel, Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

The Bonds are dated July 1, 2025, and accrue interest from the date of initial delivery (on or about July 10, 2025) (the "Date of Delivery") with interest payable March 1, 2026, and each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds are fully-registered bonds maturing on September 1 of the years shown under "PRINCIPAL AMOUNTS, MATURITIES, INTEREST RATES, INITIAL REOFFERING YIELDS, AND CUSIPS" on the inside cover page of this Official Statement. The Bonds will be issued in fully registered form only, without coupons, in principal denominations of \$5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. Principal of the Bonds will be payable to the registered owners (the "Registered Owners") at maturity or redemption upon presentation at the principal payment office of the paying agent/registrar, initially, BOKF, NA, Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds will be payable 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 District believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of 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 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 District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Redemption of the Bonds

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

Successor Paying Agent/Registrar

Provision is made in the Bond Resolution for replacing the Paying Agent/Registrar. If the 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 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.

Registration, Transfer and Exchange

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

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be

required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Authority for Issuance

At an election held within the District on May 7, 2022, voters of the District authorized the District's issuance of a total of \$250,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; \$250,000,000 for the further purpose of refunding such bonds; \$71,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; \$71,000,000 for the further purpose of refunding such bonds; \$30,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System; and \$30,000,000 for the further purpose of refunding such bonds. The Bonds represent the District's first series of bonds to be issued for the purpose of constructing or acquiring the Utility System. Following the issuance of the Bonds, \$245,875,000 principal amount of unlimited tax bonds for the Utility System; \$68,060,000 principal amount of unlimited tax bonds for the Road System; and \$30,000,000 principal amount of unlimited tax bonds for the Park System will remain authorized and unissued. All refunding authorizations remain unissued.

The Bonds are issued pursuant to: (i) Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, as amended; (ii) an election held within the District on May 7, 2022; (iii) the Bond Resolution; and (iv) an order of the TCEQ.

Short-Term Debt

The District issued its \$2,380,000 Bond Anticipation Note, Series 2024 (the "BAN"), dated November 14, 2024. The BAN matures on November 13, 2025, and accrues interest at a rate of 5.350% per annum, calculated on the basis of a 365-day year. The District will use a portion of the proceeds from the sale of the Bonds to redeem the BAN prior to its maturity. Proceeds from the BAN were used to reimburse the Developer for a portion of the improvements and related costs shown under "THE BONDS – Use and Distribution of Proceeds of the Bonds."

Outstanding Bonds

The District has previously issued one (1) series of unlimited tax bonds, as follows: \$2,940,000 Unlimited Tax Road Bonds, Series 2023. As of the Date of Delivery, \$2,940,000 principal amount of such previously issued bonds will remain outstanding (the "Outstanding Bonds").

Issuance of Additional Debt

The District may issue additional bonds necessary to provide improvements and facilities consistent with the purposes for which the District was created. The Bonds constitute the first series of unlimited tax bonds issued by the District for the Utility System. Voters in the District have authorized a total of \$250,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System, and \$250,000,000 for the purpose of refunding such bonds. Additionally, voters in the District have authorized a total of \$71,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System, and \$71,000,000 for the purpose of refunding such bonds. Additionally, voters in the District have authorized a total of \$30,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System and \$30,000,000 for the purpose of refunding such bonds. Following the issuance of the Bonds, \$245,875,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System; \$68,060,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Road System; and \$30,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System, will remain authorized and unissued. All refunding authorizations remain unissued. The District's issuance of bonds for the purpose of acquiring or constructing the Road System is not subject to approval by the TCEQ.

After the reimbursement to the Developer from the proceeds of the Bonds, the District will owe the Developer approximately \$24,700,000 for expenditures to construct the Utility System, the Road System, and the Park System.

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

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the Engineer (herein defined), following the issuance of the Bonds, the District will have adequate authorized but unissued bonds to repay the Developer the remaining amounts owed for the existing utility facilities, and road improvements and to finance the extension of water, wastewater, and storm drainage facilities and services and road improvements to serve the

remaining undeveloped land within the District. See "DEVELOPMENT OF THE DISTRICT," "THE SYSTEM," "THE ROAD SYSTEM," and "RISK FACTORS – Future Debt."

Source of Payment

The Bonds are payable from a continuing direct annual ad valorem tax, unlimited as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Fulshear, Texas; or any entity other than the District. See "THE BONDS – Source of Payment." The District is authorized to levy separate taxes to pay debt service on bonds issued for the Utility System and the Park System and to pay debt service on bonds issued for the Road System; both such taxes are unlimited as to rate or amount. The Bonds are obligations solely of the District and are not the obligations of the State of Texas; Fort Bend County, Texas; the City; or any entity other than the District.

Funds

The Bond Resolution creates the District's fund for debt service on the Bonds, and any additional unlimited tax bonds issued by the District for the Utility System (the "Utility System Debt Service Fund"), including the Bonds. Twelve (12) months of capitalized interest on the Bonds will be deposited from the proceeds from the sale of the Bonds into the Utility System Debt Service Fund upon closing of the Bonds. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds for the Utility System and any additional unlimited tax bonds issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds, and any of the District's other duly authorized bonds issued for the Utility System payable in whole or in part from taxes. Amounts of deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, and any additional bonds issued for the Utility System payable in whole or in part from taxes, and to pay any tax anticipates notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Utility System Debt Service Fund may not be used to pay debt service on bonds issued for the Road System.

The Road System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds and any additional unlimited tax bonds issued by the District for the Road System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Outstanding Bonds and on any of the District's other duly authorized bonds issued for the Road System payable in whole or in part from taxes. Amounts of deposit in the Road System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of any additional bonds issued for the Road System payable in whole or in part from taxes, and to pay any tax anticipates notes issued, together with interest thereon, as such tax anticipation notes become due. Amounts on deposit in the Road System Debt Service Fund may not be used to pay debt service on bonds issued for the Utility System, such as the Bonds.

Consolidation and Dissolution

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

The City has the right to abolish and dissolve the District and to acquire the District's assets and assume the District's obligations in accordance with state law, subject, however, to the terms of Utility Agreement (defined herein) with the City. If any of the Bonds are outstanding at the time of dissolution, the payment of such Bonds becomes the obligation of the City. Dissolution of the District is a policy matter for the City. The District can make no representation regarding the likelihood that the City will dissolve the District.

No Arbitrage

The 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 District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants 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.

Defeasance

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

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners (hereinafter defined) have a right to seek a writ of mandamus requiring the District to levy sufficient taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District 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 may be limited further by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, the remedy of mandamus or the right of the 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.

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Use and Distribution of Proceeds of the Bonds

Proceeds from the sale of the Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs shown below. Additionally, proceeds from the sale of the 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 twelve (12) months of capitalized interest, developer interest, operating expenses, creation costs, and other certain costs associated with the issuance of the Bonds.

Non- construction costs are based upon either contract amounts or estimates of various costs by the Engineer (herein defined) and the Financial Advisor (herein defined). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and completed of agreed-upon procedures by the District's auditor.

<u>Construction Costs</u>	<u>District's Share</u>
A. <u>Developer Contribution Items</u>	
1. None	\$ -
Total Developer Contribution Items	\$ -
B. <u>District Contribution Items</u>	
1. Del Webb Fulshear Lift Station No. 1	\$ 74,178
2. Engineering, Geotechnical, & Materials Testing (Item No. 1)	12,018
3. Del Webb Fulshear Section 1, Reserve F	617,080
4. Del Webb Fulshear Section 3, Reserve A	606,292
5. Del Webb Fulshear Section 7, Reserve C	180,893
6. Del Webb Fulshear Section 8, Reserve B	194,487
7. City of Fulshear Impact Fees	1,125,069
Total District Contribution Items	\$ 2,810,017
Total Construction Costs	\$ 2,810,017
<u>Non-Construction Costs</u>	
A. Legal Fees	\$ 118,125
B. Fiscal Agent Fees	82,500
C. Interest Costs	
1. Capitalized Interest (12 Months)	208,851
2. Developer Interest	198,227
3. BAN Interest (1 Year)	83,026
D. Bond Discount	123,723
E. Bond Issuance Expenses	41,051
F. Bond Application Report Costs	55,000
G. BAN Issuance Expenses	59,902
H. District Creation Costs	139,597
I. Market Study	9,880
J. Operating Expenses	131,000
K. Attorney General Fee (0.10%)	4,125
L. TCEQ Bond Issuance Fee (0.25%)	10,313
M. Contingency (a)	49,663
Total Non-Construction Costs	\$ 1,314,983
TOTAL BOND ISSUE REQUIREMENT	\$ 4,125,000

(a) Represents the difference between the estimated and actual amounts of Capitalized Interest, BAN Interest, and Bond Discount.

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

THE DISTRICT

Authority

The District was created on December 16, 2021 as a municipal utility district under Article XVI, Section 59 of the Texas Constitution and operates under Chapters 49 and 54 of the Texas Water Code, as amended. The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water and the construction of roads and related facilities.

The District also is authorized to construct, develop and maintain park and recreational facilities using operating revenues or by issuing bonds payable from taxes, and to construct roads. In addition, the District is authorized, upon TCEQ and voter approval, to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District construction and operation of the District's Utility System is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM - Regulation."

Description

The District encompasses approximately 228 acres. The District is located in Fort Bend County, Texas, approximately 1 mile to the west of State Farm to Market Road 1093 and State Farm to Market Road 359 (FM 359). The District is bordered by the Polo Ranch Development to the south and east, FM 359 to the north, Bessie's Creek to the south. All of the land within the boundaries of the District is within the corporate boundaries of the City. As a result of a land swap with Fort Bend County Municipal Utility District No. 174, which occurred on December 16, 2022, the District now consists of approximately 228 acres.

Management of the District

The 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 District. All of the directors own property in the 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:

Name	Title	Term Expires May
David Holcombe	President	2026
David Batts	Vice President	2026
Tayo Illori	Secretary	2028
Erik Vidor	Assistant Secretary	2028
John Erich Rawson	Assistant Vice President	2026

Investment Policy

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

Consultants

Although the 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 District is Tax Tech, Inc.

Bookkeeper: The District's bookkeeper is Municipal Accounts & Consulting, L.P.

Utility System Operator: The District's water and sewer system is operated by the City.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audited financial statements are filed annually with the TCEQ. The financial statements of the District as of May 31, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. A copy of the District's May 31, 2024, audited financial statements is included as "APPENDIX A."

Engineer: The District's engineer is LJA Engineering, Inc. (the "Engineer").

Attorney: The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. The fees to be paid Bond Counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds. See "LEGAL MATTERS."

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

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DEVELOPMENT OF THE DISTRICT

The District is being developed as the residential community known as Del Webb Fulshear, an active adult/retirement community with home ownership restricted to purchasers aged 55 or older with additional restrictions on children living in the home. Del Webb is a trademark community of Pulte Homes (herein defined). To date, approximately 94.165 acres within the District have been developed as 426 single-family lots in Del Webb Fulshear, Sections 1–5 and 7. As of May 1, 2025, development within the District consisted of approximately 197 completed homes (approximately 189 occupied, 2 unoccupied, and 6 model homes), approximately 22 homes under construction, and approximately 207 vacant developed lots. The remainder of the District's total acres consists of approximately 42.524 undevelopable acres and approximately 91.311 acres remaining for future development. The community includes an 18-hole putting course, 16,000+ sq. ft. amenity building, and an outdoor pool.

Status of Development within the District

The following is the status of construction of single-family housing within the District as of May 1, 2025:

Section	Type of Development	Acreage	No. of Lots	Homes		Vacant Lots
				Complete	Under Construction	
Del Webb Fulshear, Section 1	Single Family	28.685	129	112	6	11
Del Webb Fulshear, Section 2	Single Family	15.708	78	63	9	6
Del Webb Fulshear, Section 3	Single Family	6.383	21	19	2	0
Del Webb Fulshear, Section 4	Single Family	22.925	117	0	0	117
Del Webb Fulshear, Section 5	Single Family	8.771	36	0	1	35
Del Webb Fulshear, Section 7	Single Family	11.693	45	3	4	38
Subtotal		94.165	426	197	22	207
Undevelopable		42.524				
Remaining Developable		91.311				
Total District Acreage		228.000				

Homebuilder within the District

Del Webb is the only active homebuilder in the District. Prices of new homes being constructed in the District range from approximately \$280,000 to approximately \$600,000.

THE DEVELOPER/PRINCIPAL LANDOWNERS

Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developer, 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.

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

Neither the Developer, nor any affiliate entity, are obligated to pay principal of or interest on the Bonds. Furthermore, neither of the Developer nor any of their affiliate entities has a binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer or its affiliate entities should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the District's boundaries.

Developer

Pulte Homes of Texas, L.P., a Texas limited partnership ("Pulte Homes" or the "Developer") wholly-owned by PulteGroup, Inc. ("PulteGroup") is the sole Developer in the District.

PulteGroup, Inc. is one of the largest homebuilders in the United States with operations in over 40 major cities. PulteGroup's stock is publicly traded on the New York Stock Exchange under the ticker symbol "PHM". There is no financing associated with Pulte Homes acquisition of land or the development of the property in the District; the acquisition and development costs are paid with cash from PulteGroup.

Financial Information Regarding PulteGroup, Inc.: PulteGroup, Inc. files annual, quarterly, and current reports, proxy statements, and other information with the SEC. PulteGroup, Inc.'s SEC filings are available to the public over the internet at the SEC's website at <http://www.sec.gov>. You may also read and copy any document that has been filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, PulteGroup, Inc. makes available on its website <http://www.pultegroupinc.com> its annual reports on form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on PulteGroup, Inc.'s website, available by hyperlink from PulteGroup, Inc.'s website or on the SEC's website, is not incorporated into this Official Statement. The District has not obtained any representations from PulteGroup, Inc. concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

Principal Landowners

Fulshear Equine, LLC, a Texas limited liability company, and Mason Equest Investment, Inc., a Texas corporation (collectively, the "Principal Landowners"), own a combined total of approximately 64.169 acres of remaining developable land within the District, with Pulte Homes having an option to purchase such acreage for development in the future.

THE SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District (the "Utility System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ and the City. According to the District's Engineer, the design of all such completed facilities has been approved by all required governmental agencies.

Water, Sanitary Sewer and Drainage System

Water supply and wastewater treatment capacity is provided by the City of Fulshear pursuant to the Utility Agreement between the City of Fulshear, Texas, Fulshear Investments, Inc., Fulshear Equine, LLC, Mason Equest Investments, Inc, Louis A. Waters, and Pulte Homes of Texas, L.P. on behalf of Proposed Fort Bend County Municipal Utility District No. 245 (the "Utility Agreement"). All water and wastewater treatment facilities are owned and maintained by the City of Fulshear as stipulated by the Utility Agreement between the City of Fulshear and the District. Residents in the District pay the City of Fulshear for water service and wastewater treatment in accordance with the City of Fulshear's water and sewer rate order.

Water Supply: The water supply service to the District is provided by the City pursuant to the Utility Agreement. The District pays impact fees to the City for each water service connection.

Wastewater Treatment: The City provides wastewater treatment services to the District. The District pays impact fees to the City for each wastewater service connection.

Storm Water Drainage System and Drainage Improvements: The storm water runoff within the District will be directed along a curb and gutter street system to an underground storm sewer system that will outfall into detention ponds that outfall into Bessie's Creek.

100 Year Flood Plain

According to Federal Emergency Management Agency Flood Insurance Rate Map No. 48157C0085M dated January 29, 2021, the floodplain is located within the Bessie's Creek Right-of-Way. None of the acres within the District fall within the 100-year flood plain.

General Fund Operating Statement

The following sets forth in condensed form the results of the District's general operating fund obtained from the District's audited financial statements for the fiscal year ended May 31, 2024, a copy of which is attached hereto as "APPENDIX A" and reference to which is hereby made. The District is required by statute to have an independent certified public accountant audit the District's financial statements annually, such audited financial statements are filed with the TCEQ.

	For Fiscal Year Ended May 31, 2024		
	2025 (a)	2024	2023
Revenues			
Property Taxes	\$ 416,938	\$ 205,046	\$ 124,030
Other Income	<u>5,875</u>	<u>5,838</u>	<u>43</u>
Total Revenues	\$ 422,813	\$ 210,884	\$ 124,073
Expenditures			
Professional Fees	\$ 109,343	\$ 122,058	\$ 92,644
Contracted Services	-	33,723	30,366
Other	36,904	27,069	21,552
Capital Outlay	<u>-</u>	<u>1,834,700 (b)</u>	<u>-</u>
Total Expenditures	\$ 146,247	\$ 2,017,550	\$ 144,562
Excess of Revenues Over Expenditures	\$ 276,566	\$ (1,806,666)	\$ (20,489)
Other Financing Sources (Uses)			
Developer Advances	\$ -	\$ 1,834,700	\$ 195,000
Net Change in Fund Balance	\$	\$ 28,034	\$ 174,511
Fund Balance, Beginning of Year	\$ 178,617	\$ 150,583	\$ (23,928)
Fund Balance, End of Year	\$ 455,183	\$ 178,617	\$ 150,583

(a) Unaudited.

(b) Represents the District's payment of impact fees to the City of Fulshear for water and wastewater service connections.

THE ROAD SYSTEM

The Road System serves residents of the District by providing access to the major thoroughfares and collectors within the Del Webb Fulshear development and surrounding area. The major thoroughfares and collectors serving the District include Lou Waters Parkway and Lifestyle Boulevard. The District will finance, design and construct the Road System in phases as development progresses. The Road System will ultimately be owned, operated and maintained by the City as the phases are constructed and accepted by the City. The District does not intend to maintain or operate the roads once they are accepted by the City.

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AERIAL PHOTOGRAPH OF THE DISTRICT
(May 2025)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(May 2025)



DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds plus the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Calendar Year	Outstanding Debt Service	The Bonds:			Total Debt Service
		Principal	Interest	Debt Service	
2025	\$ 141,819	\$ 140,000	\$ 1,388*	\$ 141,388	\$ 283,207
2026	220,713	60,000	236,853	296,853	517,566
2027	222,563	90,000	203,263	293,263	515,825
2028	219,188	95,000	196,963	291,963	511,150
2029	220,813	100,000	190,313	290,313	511,125
2030	222,013	105,000	183,313	288,313	510,325
2031	222,763	110,000	175,963	285,963	508,725
2032	223,263	120,000	168,263	288,263	511,525
2033	218,513	125,000	159,863	284,863	503,375
2034	218,763	130,000	152,050	282,050	500,813
2035	218,763	140,000	146,200	286,200	504,963
2036	223,513	145,000	139,900	284,900	508,413
2037	222,475	155,000	133,375	288,375	510,850
2038	221,175	160,000	126,400	286,400	507,575
2039	219,613	170,000	119,200	289,200	508,813
2040	217,788	180,000	111,550	291,550	509,338
2041	220,531	190,000	103,225	293,225	513,756
2042	217,738	200,000	94,200	294,200	511,938
2043	219,675	210,000	84,700	294,700	514,375
2044	215,875	220,000	74,725	294,725	510,600
2046	216,800	230,000	64,000	294,000	510,800
2046	217,175	240,000	52,500	292,500	509,675
2047	217,000	255,000	40,500	295,500	512,500
2048	216,275	270,000	27,750	297,750	514,025
2049	-	285,000	14,250	299,250	299,250
Total	\$ 5,194,800	\$ 4,125,000	\$ 3,000,704	\$ 7,125,704	\$ 12,320,504

* For the 09/01/2025 payment, interest shall be paid upon maturity.

Average Annual Debt Service Requirement (2025–2049)	\$ 492,820
Maximum Annual Debt Service Requirement (2026)	\$ 517,566

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Bonded Indebtedness

2024 Assessed Taxable Valuation	\$ 55,007,929	(a)
Estimated Taxable Valuation as of April 15, 2025	\$ 77,973,647	(b)
Direct Debt:		
The Outstanding Bonds (as of the Date of Delivery)	\$ 2,940,000	
The Bonds	\$ 4,125,000	
Total	\$ 7,065,000	
Estimated Overlapping Debt	\$ 6,794,446	(c)
Total Direct and Estimated Overlapping Debt	\$ 13,859,446	(c)
Direct Debt Ratios:		
As a percentage of 2024 Assessed Taxable Valuation	12.84	%
As a percentage of Estimated Taxable Valuation as of April 15, 2025	9.06	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2024 Assessed Taxable Valuation	25.20	%
As a percentage of Estimated Taxable Valuation as of April 15, 2025	17.77	%
Road System Debt Service Fund (as of May 1, 2025)	\$ 209,570	(d)
Utility System Debt Service Fund (as of the Date of Delivery)	\$ 208,851	(e)
Operating Fund Balance (as of May 1, 2025)	\$ 443,088	
Capital Projects Fund Balance (as of May 1, 2025)	\$ 32,805	
2024 Tax Rate per \$100 of Assessed Taxable Valuation		
Utility Debt Service	\$ 0.000	
Road Debt Service	\$ 0.415	
Maintenance and Operations	\$ 0.905	
Total	\$ 1.320	
Average Annual Debt Service Requirement (2025–2049)	\$ 492,820	(f)
Maximum Annual Debt Service Requirement (2026)	\$ 517,566	(f)
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Average Annual Debt Service Requirement (2025–2049) at 95% Tax Collections:		
Based on the 2024 Assessed Taxable Valuation	\$ 0.95	
Based on the Estimated Taxable Valuation as of April 15, 2025	\$ 0.67	
Debt Service Tax Rate per \$100 of Assessed Taxable Valuation Required to Pay Maximum Annual Debt Service Requirement (2026) at 95% Tax Collections:		
Based on the 2024 Assessed Taxable Valuation	\$ 1.00	
Based on the Estimated Taxable Valuation as of April 15, 2025	\$ 0.70	
Single-Family Homes (including 22 under construction) as of May 1, 2025	219	(g)

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX DATA – Assessed Taxable Valuation Summary" and "TAXING PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Includes new construction within the District, from January 1, 2024, to April 15, 2025. This estimate is based upon the same unit value used in the assessed value. No taxes will be levied on this estimate. See "TAXING PROCEDURES."
- (c) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
- (d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Road System Debt Service Fund. Funds in the Road System Debt Service Fund are pledged only to pay debt service on bonds issued by the District for the Road System and are not available to pay debt service on bonds issued by the District for the Utility System, such as the Bonds.
- (e) Represents twelve (12) months of capitalized interest. At the delivery of the Bonds, twelve (12) months of capitalized interest will be deposited into the Utility System Debt Service Fund upon closing of the Bonds. Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Utility System Debt Service Fund. Funds in the Utility System Debt Service Fund are pledged only to pay debt service on bonds issued by the District for the Utility System, such as the Bonds, and are not available to pay debt service on bonds issued by the District for the Road System.
- (f) Requirement of debt service on the Outstanding Bonds and the Bonds. "DISTRICT DEBT – Debt Service Requirement Schedule."
- (g) Of the 197 homes completed as of May 1, 2025, approximately 189 homes were occupied.

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from 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 District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt as of	Estimated Overlapping	
	March 31, 2025	Percent	Amount
Fort Bend County	\$1,043,973,859	0.04%	\$ 465,843
Fort Bend County Drainage	21,645,000	0.05%	9,766
Lamar CISD	3,058,595,000	0.18%	5,393,371
City of Fulshear	78,970,000	1.17%	925,467
Fort Bend ESD No. 4	-	0.30%	-
Total Estimated Overlapping Debt			\$ 6,794,446
The District			\$ <u>7,065,000</u> (a)
Total Direct & Estimated Overlapping Debt			\$ <u>13,859,446</u> (a)

(a) Includes the Outstanding Bonds and the Bonds.

Debt Ratios

	Percentage of 2024 Assessed Taxable Valuation	Percentage of Estimate of Value April 15, 2025
Direct Debt (a)	12.84%	9.06%
Total Direct and Estimated Overlapping Debt (a)	25.20%	17.77%

(a) Includes the Outstanding Bonds and the Bonds.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied.

A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Effective January 1, 2018, this exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

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

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 District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 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 or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Fort Bend County or the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County or the City and the District, 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 District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. At this time, Fort Bend County has not designated any of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

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

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

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

exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

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.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

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

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Property 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 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board on an annual basis. For the 2024 tax year, the District is classified as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

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

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds. See "TAXING PROCEDURES." The Board has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds. See "THE BONDS" and "RISK FACTORS."

Tax Rate Limitation

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

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. The Board is authorized by the District's voters to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. The Board is authorized by the District's voters to levy a maintenance tax for road improvements in an amount not to exceed \$0.25 per \$100 of assessed valuation. See "Tax Rate Distribution" below.

Additional Penalties

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

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 on the Outstanding Bonds and the Bonds if no growth in the District's tax base occurs beyond the 2024 Assessed Taxable Valuation (\$55,007,929) or the Estimated Taxable Valuation as of April 15, 2025 (\$77,973,647). The calculations assume collection of 95% of taxes levied, the sale of the Bonds but not the sale of any additional bonds by the District.

Average Annual Debt Service Requirement (2025-2049)	\$ 492,820
Debt Service Tax Rate of \$0.95 on the 2024 Assessed Taxable Valuation	\$ 496,447
Debt Service Tax Rate of \$0.67 on the Estimated Taxable Valuation as of April 15, 2025	\$ 496,302
Maximum Annual Debt Service Requirement (2026)	\$ 517,566
Debt Service Tax Rate of \$1.00 on the 2024 Assessed Taxable Valuation	\$ 522,575
Debt Service Tax Rate of \$0.70 on the Estimated Taxable Valuation as of April 15, 2025	\$ 518,525

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Estimated Overlapping Taxes

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

Set forth below is 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.

<u>Taxing Jurisdictions</u>	<u>2024 Tax Rate Per \$100 of A.V.</u>
The District	\$1.320000
City of Fulshear	0.161856
Fort Bend Drainage	0.010000
Fort Bend General	0.412000
Fort Bend ESD 4	0.098689
Lamar CISD	<u>1.146900</u>
Total Tax Rate	<u>\$3.149445</u>

Historical Tax Collections

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate Per \$100 (a)</u>	<u>Adjusted Levy</u>	<u>% of Collections Current Year</u>	<u>For the Current Year Ended May 31,</u>	<u>% of Collections as of 03/31/25</u>
2022	\$10,460,930	\$1.320	\$ 138,084	100.00%	2023	100.00%
2023	18,748,381	1.320	247,479	100.00%	2024	100.00%
2024	55,007,929	1.320	726,105	97.07%	2025	97.07%

(a) See "Tax Rate Distribution" below.

Tax Rate Distribution

<u>The District</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Utility System Debt Service	\$0.000	\$0.000	\$0.000
Road System Debt Service	\$0.415	\$0.300	\$0.000
Maintenance & Operations	<u>\$0.905</u>	<u>\$1.020</u>	<u>\$1.320</u>
Total	\$1.320	\$1.320	\$1.320

Assessed Taxable Valuation Summary

The following represents the types of property comprising the District assessed taxable value for 2022-2024 tax years.

<u>Type of Property</u>	<u>2024 Assessed Taxable Valuation</u>	<u>2023 Assessed Taxable Valuation</u>	<u>2022 Assessed Taxable Valuation</u>
Land	\$ 24,646,412	\$ 12,167,094	\$ 8,408,891
Improvements	30,235,223	6,440,793	2,048,929
Personal Property	280,658	176,494	3,110
Exemptions	<u>(154,364)</u>	<u>(36,000)</u>	<u>(-)</u>
Total	\$ 55,007,929	\$ 18,748,381	\$ 10,460,930

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable appraised value of such property as a percentage of the 2024 Taxable Assessed Valuation of \$55,007,929.

Taxpayer	Type of Property	Assessed Taxable Valuation 2024 Tax Roll	Percentage of 2024 Taxable Assessed Valuation
Pulte Homes of Texas LP (a)	Land & Improvements	\$ 11,861,920	21.56%
Homeowner	Land & Improvements	613,587	1.12%
Homeowner	Land & Improvements	584,390	1.06%
Desimoni Trust	Land & Improvements	569,078	1.03%
Homeowner	Land & Improvements	560,623	1.02%
Homeowner	Land & Improvements	555,902	1.01%
Homeowner	Land & Improvements	546,454	0.99%
Homeowner	Land & Improvements	534,160	0.97%
Homeowner	Land & Improvements	509,070	0.93%
Homeowner	Land & Improvements	<u>508,409</u>	<u>0.92%</u>
Total		<u>\$ 16,843,593</u>	<u>30.62%</u>
%			
of Respective Tax Roll			

(a) See "DEVELOPMENT OF THE DISTRICT" and "THE DEVELOPER/ PRINCIPAL LANDOWNERS."

LEGAL MATTERS

Legal Opinions

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

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheadings "- Book-Entry-Only System" and "Use and Distribution of Proceeds of the Bonds"), "THE DISTRICT - Authority," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

The following discussion of certain federal income tax considerations is for general information only and is not tax advice. Each prospective purchaser of the Bonds should consult its own tax advisor as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

Tax Exemption

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date 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 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 as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount

If the issue price of any maturity the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering

price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, 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 OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "– Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the [inside] cover page of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

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

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID 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 OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes

Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could 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 recently enacted, proposed, pending or future legislation.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and represents that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2025.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 percent disallowance of allocable interest expense.

Additional Federal Income Tax Calculations

Collateral Tax Consequences: Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited to those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An “applicable corporation” (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its “adjusted financial statement income” (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted financial statement income,” ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also 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, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the “branch profits tax” on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States and Securities Exchange Commission (the “SEC”) regarding the District’s continuing disclosure obligations because the District does not have more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds as required by the exemption. As required by the exemption, in the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the “MSRB”) or any successor to its functions as a repository through its Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually. In addition, the District has agreed to provide information with respect to the Developer, any person or entity to whom the Developer voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the Bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District will be obligated to provide information concerning the Developer and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District’s debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to provide or pay for District facilities or debt in an amount which exceeds 20% of the amount of the District’s bonds then outstanding.

The information to be updated with respect to the District includes all quantitative financial information and operating data found in “APPENDIX A” and with respect to the Developer, the information found under “TAX DATA – Principal Taxpayers.” The District will update and provide this information within six (6) months after the end of each of its fiscal years. The District will provide the updated information to EMMA. The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 2025. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to Texas law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six (6) month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

Since the District's first issuance of Bonds in 2023, the District has complied in all material respects with its prior continuing disclosure undertaking made in accordance with SEC Rule 15c2-12, except as described below:

On April 29, 2025, the District amended its Continuing Disclosure Annual Report for the year ended May 31, 2024, which was timely filed on November 8, 2024, to include the data included in the Official Statement under the heading "TAX DATA – Principal Taxpayers" with respect to the Developer. An associated Notice of Late Filing was filed with the MSRB through the EMMA internet portal on April 29, 2025.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the Developer, the District's records, the Engineer, 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. The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

The financial statements of the District as of May 31, 2024, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2024, audited financial statements.

Experts

The information contained in the Official Statement relating to engineering and to the description of the Utility System, Road System and, in particular, that engineering information included in the sections entitled "THE DISTRICT – Description," "THE SYSTEM," and "THE ROAD SYSTEM" has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Tax Tech, Inc. and the Appraisal District. Such information has been included herein in reliance upon Tax Tech, Inc.'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 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 District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation or verification of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

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

CONCLUDING STATEMENT

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 245 as of the date shown on the cover page hereof.

/s/ David Holcombe
President, Board of Directors
Fort Bend County Municipal Utility District No. 245

ATTEST:

/s/ Tayo Ilori
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 245

APPENDIX A

**Independent Auditor's Report and Financial Statements of the District
for the Fiscal Year Ended May 31, 2024**

EXHIBIT A

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245

FORT BEND COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal Utility District No. 245
Fort Bend County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Fort Bend County Municipal Utility District No. 245 (the "District") as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 3, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MAY 31, 2024

Management's discussion and analysis of the financial performance of Fort Bend County Municipal Utility District No. 245 provides an overview of the District's financial activities for the fiscal year ended May 31, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$1,419,501 as of May 31, 2024.

A portion of the District's net position reflects its net investment in capital assets (detention facilities and intangible assets less any debt used to acquire these assets that is still outstanding).

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position:

	Summary of Changes in the Statement of Net Position		Change Positive (Negative)
	2024	2023	
Current Assets	\$ 370,825	\$ 172,161	\$ 198,664
Intangible Assets (Net of Amortization)	15,281,883	11,395,629	3,886,254
Capital Assets (Net of Depreciation)	<u>6,421,189</u>	<u>4,529,001</u>	<u>1,892,188</u>
Total Assets	<u>\$ 22,073,897</u>	<u>\$ 16,096,791</u>	<u>\$ 5,977,106</u>
Due to Developer	\$ 20,489,031	\$ 16,519,038	\$ (3,969,993)
Bonds Payable	2,917,827		(2,917,827)
Other Liabilities	<u>86,540</u>	<u>7,577</u>	<u>(78,963)</u>
Total Liabilities	<u>\$ 23,493,398</u>	<u>\$ 16,526,615</u>	<u>\$ (6,966,783)</u>
Net Position:			
Net Investment in Capital Assets	\$ (1,683,998)	\$ (594,408)	\$ (1,089,590)
Restricted for Debt Service	85,691		85,691
Unrestricted	<u>178,806</u>	<u>164,584</u>	<u>14,222</u>
Total Net Position	<u>\$ (1,419,501)</u>	<u>\$ (429,824)</u>	<u>\$ (989,677)</u>

The following table provides a summary of the District's operations for the years ended May 31, 2024, and May 31, 2023:

	Summary of Changes in the Statement of Activities		Change Positive (Negative)
	2024	2023	
Revenues:			
Property Taxes	\$ 247,479	\$ 138,031	\$ 109,448
Other Revenues	<u>13,031</u>	<u>43</u>	<u>12,988</u>
Total Revenues	\$ 260,510	\$ 138,074	\$ 122,436
Total Expenses	<u>1,250,187</u>	<u>507,970</u>	<u>(742,217)</u>
Change in Net Position	\$ (989,677)	\$ (369,896)	\$ (619,781)
Net Position, Beginning of Year	<u>(429,824)</u>	<u>(59,928)</u>	<u>(369,896)</u>
Net Position, End of Year	<u>\$ (1,419,501)</u>	<u>\$ (429,824)</u>	<u>\$ (989,677)</u>

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND

The District's combined fund balances as of May 31, 2024, was \$322,451, an increase of \$171,868 from the prior year.

The General Fund fund balance increased by \$28,034, primarily due to property tax revenues and developer advances exceeding operating and capital costs during the year.

The Debt Service Fund fund balance increased by \$124,046, primarily due to proceeds from bond issuance and property tax revenues exceeding the District's long-term debt requirements.

The Capital Projects Fund fund balance increased by \$19,788. The District sold its Series 2023 Road Bonds and reimbursed the developer.

CAPITAL AND INTANGIBLE ASSETS

The District's capital assets as of May 31, 2024, amount to \$6,421,189 (net of accumulated depreciation). These capital assets include detention facilities.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Subject to Depreciation:			
Detention Facilities	\$ 6,642,555	\$ 4,646,108	\$ 1,996,447
Less Accumulated Depreciation	<u>(221,366)</u>	<u>(117,107)</u>	<u>(104,259)</u>
Total Net Capital Assets	<u>\$ 6,421,189</u>	<u>\$ 4,529,001</u>	<u>\$ 1,892,188</u>

The District is located within the city limits of the City of Fulshear, Texas (the "City"). In accordance with the Utility Agreement with the City, all water, wastewater, drainage, roads and park and recreational facilities are conveyed to the City once constructed and placed into service (see Note 10). The City operates the facilities and is responsible for the maintenance.

The District's intangible assets as of May 31, 2024, amount to \$15,281,883 (net of accumulated amortization). Current year amortization expenses were \$349,889.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024

LONG-TERM DEBT

At the end of the current fiscal year, the District had total long-term debt payable of \$2,940,000. The changes in the debt position of the District during the fiscal year ended May 31, 2024, are summarized as follows:

Bond Debt Payable, June 1, 2023	\$ - 0 -
Add: Bond Sales	<u>2,940,000</u>
Bond Debt Payable, May 31, 2024	<u><u>\$ 2,940,000</u></u>

The District’s Series 2023 road bonds were not rated.

As of May 31, 2024, the District has also recorded an amount due to Developer of \$20,489,031 which consists of costs associated with completed water, wastewater, drainage and road facilities and operating advances.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board adopted an unappropriated budget for the General Fund for the current fiscal year. Actual revenues were \$31,965 less than budgeted revenues, actual expenditures were \$1,859,650 more than budgeted expenditures and actual developer advances were \$1,774,700 more than budgeted developer advances. This resulted in a negative variance of \$116,915. See the budget to actual comparison for more information.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Fort Bend County Municipal Utility District No. 245, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027-9944.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 837	\$ 10,369
Investments	200,357	137,466
Property Taxes Receivable	189	55
Due from Other Funds	23,789	
Prepaid Costs	1,764	
Intangible Assets (Net of Accumulated Amortization)		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 226,936</u>	<u>\$ 147,890</u>
LIABILITIES		
Accounts Payable	\$ 48,130	\$
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		23,789
Long-Term Liabilities:		
Bond Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 48,130</u>	<u>\$ 23,789</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 189	\$ 55
FUND BALANCES		
Nonspendable: Prepaid Costs	\$ 1,764	\$
Restricted for Authorized Construction		
Restricted for Debt Service		124,046
Assigned to 2025 Budget Deficit	32,275	
Unrestricted	144,578	\$ - 0 -
TOTAL FUND BALANCES	<u>\$ 178,617</u>	<u>\$ 124,046</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 226,936</u>	<u>\$ 147,890</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 131	\$ 11,337	\$	\$ 11,337
19,657	357,480		357,480
	244		244
	23,789	(23,789)	
	1,764		1,764
		15,281,883	15,281,883
		6,421,189	6,421,189
<u>\$ 19,788</u>	<u>\$ 394,614</u>	<u>\$ 21,679,283</u>	<u>\$ 22,073,897</u>
\$	\$ 48,130	\$	\$ 48,130
		38,410	38,410
		20,489,031	20,489,031
	23,789	(23,789)	
		2,917,827	2,917,827
<u>\$ -0-</u>	<u>\$ 71,919</u>	<u>\$ 23,421,479</u>	<u>\$ 23,493,398</u>
\$ -0-	\$ 244	\$ (244)	\$ -0-
\$ 19,788	\$ 1,764	\$ (1,764)	\$
	19,788	(19,788)	
	124,046	(124,046)	
	32,275	(32,275)	
<u>\$ - 0 -</u>	<u>\$ 144,578</u>	<u>(144,578)</u>	
<u>\$ 19,788</u>	<u>\$ 322,451</u>	<u>\$ (322,451)</u>	<u>\$ - 0 -</u>
<u>\$ 19,788</u>	<u>\$ 394,614</u>		
		\$ (1,683,998)	\$ (1,683,998)
		85,691	85,691
		<u>178,806</u>	<u>178,806</u>
		<u>\$ (1,419,501)</u>	<u>\$ (1,419,501)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2024

Total Fund Balances - Governmental Funds	\$	322,451
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		21,703,072
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Deferred inflows of resources related to property taxes receivable for the 2023 tax levy became part of recognized revenue in the governmental activities of the District.		244
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of amounts recorded as Due to Developer.

Due to Developer	(20,489,031)	
Accrued Interest Payable	(38,410)	
Bonds Payable	<u>(2,917,827)</u>	
		<u>(23,445,268)</u>

Total Net Position - Governmental Activities	\$	<u>(1,419,501)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
REVENUES		
Property Taxes	\$ 205,046	\$ 56,190
Penalty, Interest and Miscellaneous Revenues	<u>5,838</u>	<u>6,528</u>
TOTAL REVENUES	<u>\$ 210,884</u>	<u>\$ 62,718</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 122,058	\$
Contracted Services	33,723	14,129
Depreciation		
Amortization		
Other	27,069	1,788
Developer Interest		
Capital Outlay	1,834,700	
Debt Service:		
Bond Issuance Costs		
Bond Interest		<u>50,786</u>
TOTAL EXPENDITURES/EXPENSES	<u>\$ 2,017,550</u>	<u>\$ 66,703</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	<u>\$ (1,806,666)</u>	<u>\$ (3,985)</u>
OTHER FINANCING SOURCES (USES)		
Developer Advances	\$ 1,834,700	\$ -0-
Proceeds From Issuance of Long-Term Debt		128,031
Bond Discount		
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 1,834,700</u>	<u>\$ 128,031</u>
NET CHANGE IN FUND BALANCES	\$ 28,034	\$ 124,046
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2023	<u>150,583</u>	
FUND BALANCES/NET POSITION - MAY 31, 2024	<u>\$ 178,617</u>	<u>\$ 124,046</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 261,236	\$ (13,757)	\$ 247,479
665	13,031		13,031
<u>\$ 665</u>	<u>\$ 274,267</u>	<u>\$ (13,757)</u>	<u>\$ 260,510</u>
\$	\$ 122,058	\$	\$ 122,058
	47,852		47,852
		104,259	104,259
		349,889	349,889
218	29,075		29,075
231,292	231,292		231,292
2,262,598	4,097,298	(4,097,298)	
276,037	276,037		276,037
	50,786	38,939	89,725
<u>\$ 2,770,145</u>	<u>\$ 4,854,398</u>	<u>\$ (3,604,211)</u>	<u>\$ 1,250,187</u>
\$ (2,769,480)	\$ (4,580,131)	\$ 3,590,454	\$ (989,677)
\$ -0-	\$ 1,834,700	\$ (1,834,700)	\$
2,811,969	2,940,000	(2,940,000)	
(22,701)	(22,701)	22,701	
<u>\$ 2,789,268</u>	<u>\$ 4,751,999</u>	<u>\$ (4,751,999)</u>	<u>\$ -0-</u>
\$ 19,788	\$ 171,868	\$ (171,868)	\$
		(989,677)	(989,677)
	150,583	(580,407)	(429,824)
<u>\$ 19,788</u>	<u>\$ 322,451</u>	<u>\$ (1,741,952)</u>	<u>\$ (1,419,501)</u>

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2024

Net Change in Fund Balances - Governmental Funds	\$ 171,868
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(13,757)
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Governmental funds do not account for depreciation and amortization. In governmental activities, capital assets are depreciated over their estimated useful lives and intangible assets are amortized over the term of the applicable contract.	(454,148)
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Governmental funds report capital outlay as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases.	4,097,298
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Governmental funds report bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	22,701
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(38,939)
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Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(2,940,000)
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Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances are recorded as a liability.	(1,834,700)
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Change in Net Position - Governmental Activities	\$ <u>(989,677)</u>
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The accompanying notes to the financial
statements are an integral part of this report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 1. CREATION OF DISTRICT

Fort Bend County Municipal Utility District No. 245 was created on December 1, 2021, as a conservation and reclamation district and political subdivision of the State of Texas organized and operating pursuant to Article XVI, Section 59, of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code (the “District”). The District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, recreation, and roads services for its residents.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of net position that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Fund

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund (Continued)

General Fund – To account for resources not accounted for in another fund, property tax revenues, operating costs and general expenditures.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

As of May 31, 2024, the Debt Service Fund owed the General Fund \$23,789 for maintenance tax collections.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which includes certain utility and road infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset.

Intangible Assets

Intangible assets, consisting of rights to receive water, wastewater, drainage, roads and park and recreational services, are reported in the government-wide Statement of Net Position. Intangible assets are valued at the cost of water, wastewater and drainage facilities and roads conveyed to the City of Fulshear, Texas (the “City”) per the Utility Agreement and amortized over the term of the Agreement, which is 45 years from the execution date of the contract. See Note 10 for additional information.

Budgeting

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

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that the directors are considered to be employees for federal payroll tax purposes only.

Measurement Focus

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has assigned \$32,275 of its General Fund fund balance for a projected budget deficit for the fiscal year ending May 31, 2025.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 3. LONG-TERM DEBT

	Series 2023 Road
Amount Outstanding – May 31, 2024	\$ 2,940,000
Interest Rates	4.50% - 5.50%
Maturity Dates – Serially Beginning/Ending	September 1, 2025/2048
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2029*

- * Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. For the Series 2023 road bond issue, the bonds maturing September 1, 2032, 2035, 2037, 2039, 2042, 2045, and 2048 are term bonds and are subject to mandatory redemption beginning September 1, 2030, 2034, 2036, 2038, 2040, 2043, and 2046, respectively.

Bonds payable for the current fiscal year is summarized in the following table:

	June 1, 2023	Additions	Retirements	May 31, 2024
Bonds Payable	\$	\$ 2,940,000	\$	\$ 2,940,000
Unamortized Discounts		(22,701)	(528)	(22,173)
Bonds Payable, Net	\$ -0-	\$ 2,917,299	\$ (528)	\$ 2,917,827
		Amount Due Within One Year		\$ -0-
		Amount Due After One Year		2,917,827
		Bonds Payable, Net		\$ 2,917,827

As of May 31, 2024, the debt service requirements on the outstanding bonds were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$	\$ 153,638	\$ 153,638
2026	65,000	152,175	217,175
2027	70,000	149,137	219,137
2028	75,000	145,875	220,875
2029	75,000	142,500	217,500
2030-2034	445,000	651,335	1,096,335
2035-2039	565,000	525,112	1,090,112
2040-2044	720,000	355,975	1,075,975
2045-2049	925,000	132,690	1,057,690
	\$ 2,940,000	\$ 2,408,437	\$ 5,348,437

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended May 31, 2024, the District levied an ad valorem debt service tax rate of \$0.30 per \$100 of assessed valuation, which resulted in a tax levy of \$56,245 on the adjusted taxable valuation of \$18,748,381 for the 2023 tax year. The bond resolution requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolution states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to the Municipal Securities Rulemaking Board. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$11,337 and the bank balance was \$12,037. The District was not exposed to custodial credit risk at year-end.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position as of May 31, 2024, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 837
DEBT SERVICE FUND	10,369
CAPITAL PROJECTS FUND	<u>131</u>
TOTAL DEPOSITS	<u><u>\$ 11,337</u></u>

Investments

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

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

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of May 31, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 200,357	\$ 200,357
<u>DEBT SERVICE FUND</u>		
Texas CLASS	137,466	137,466
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	19,657	19,657
TOTAL INVESTMENTS	\$ 357,480	\$ 357,480

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

Restrictions

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

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital asset activity for the year ended May 31, 2024, is summarized in the following tables:

	June 1, 2023	Increases	Decreases	May 31, 2024
Capital Assets Subject to Depreciation				
Detention Facilities	\$ 4,646,108	\$ 1,996,447	\$	\$ 6,642,555
Less Accumulated Depreciation				
Detention Facilities	\$ 117,107	\$ 104,259	\$	\$ 221,366
Total Capital Assets, Net of Accumulated Depreciation	\$ 4,529,001	\$ 1,892,188	\$ - 0 -	\$ 6,421,189

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

Intangible asset activity for the year ended May 31, 2024, is summarized in the following tables:

	June 1, 2023	Increases	Decreases	May 31, 2024
Intangible Assets Subject to Amortization				
Water System	\$ 1,225,653	\$ 317,917	\$	\$ 1,543,570
Wastewater System	1,389,669	539,460		1,929,129
Drainage System	4,438,940	766,718		5,205,658
Paving	4,587,668	777,348		5,365,016
City Impact Fees	<u>1,834,700</u>	<u>1,834,700</u>		<u>1,834,700</u>
Total Intangible Assets Subject to Amortization	<u>\$ 11,641,930</u>	<u>\$ 4,236,143</u>	<u>\$ - 0 -</u>	<u>\$ 15,878,073</u>
Less Accumulated Amortization				
Water System	\$ 25,354	\$ 34,008	\$	\$ 59,362
Wastewater System	27,700	39,964		67,664
Drainage System	93,670	120,149		213,819
Paving	99,577	124,056		223,633
City Impact Fees	<u>31,712</u>	<u>31,712</u>		<u>31,712</u>
Total Accumulated Amortization	<u>\$ 246,301</u>	<u>\$ 349,889</u>	<u>\$ - 0 -</u>	<u>\$ 596,190</u>
Intangible Assets Net of Accumulated Amortization	<u>\$ 11,395,629</u>	<u>\$ 3,886,254</u>	<u>\$ - 0 -</u>	<u>\$ 15,281,883</u>

In accordance with the Utility Agreement with the City described in Note 10, the District has constructed water, wastewater, drainage, roads and park and recreational facilities to serve the land within its boundaries. The City has accepted conveyance of the completed facilities. The District has recognized intangible assets for the cost of assets conveyed to the City. Intangible assets, net of accumulated amortization, totaled \$15,281,883 as of May 31, 2024. Current year amortization expense was \$349,889.

NOTE 7. MAINTENANCE TAX

On May 7, 2022, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's systems and other operating and maintenance expenses. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$1.02 per \$100 of assessed valuation, which resulted in a tax levy of \$191,234 on the adjusted taxable valuation of \$18,748,381 for the 2023 tax year.

On May 7, 2022, the voters of the District approved the levy and collection of a road maintenance tax in an amount not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's graveled or paved roads and other operating and maintenance expenses. The District did not levy a road maintenance tax during the year.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 8. UNREIMBURSED DEVELOPER COSTS

The District and the Developer have entered into agreements which require the Developer to fund costs associated with construction costs and operating advances. Reimbursement to the Developer for these construction costs and operating advances is contingent upon approval from the Commission and the future sale of bonds. The following table summarizes the current year activity:

Due to Developer, beginning of year	\$ 16,519,038
Current year additions	6,232,591
Current year reimbursements	<u>2,262,598</u>
Due to Developer, end of year	<u>\$ 20,489,031</u>

NOTE 9. ECONOMIC DEPENDENCY

The District's Developer owns a substantial portion of the taxable property within the District. The Developer's ability to make full and timely payments of taxes and provide operating advances could directly affects the District's ability to meet its financial obligations.

NOTE 10. UTILITY AGREEMENT WITH CITY OF FULSHEAR, TEXAS

The Landowners, on behalf of the proposed Fort Bend County Municipal Utility District No. 174, entered into a Utility Agreement (the "Agreement") with the City dated January 5, 2016. A First Amendment and Second Amendment to the Agreement were subsequently approved. The District is responsible for the design and construction of the water, sanitary sewer, drainage systems, roads, and park and recreational facilities (the "Facilities") to serve the land within the District. All final plans must be approved by the City before construction. As the Facilities are constructed and inspected by the City, the District shall transfer the same to the City (excluding detention ponds or drainage channels, which are owned and operated by the District) for ownership and operation. The City is responsible for, without limitation, providing adequate maintenance and operation of the Facilities, providing water and wastewater treatment capacity resulting from the water and wastewater connection fees, providing reasonable and timely review and approval as required under the utility agreement, maintaining the water distribution and wastewater collection line capacity as constructed by the District, and timely making taps or connections to the Facilities. Water and sewer rates charged by the City to users in the District shall be at the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City. The term of the Agreement is 45 years from its effective date.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 10. UTILITY AGREEMENT WITH CITY OF FULSHEAR, TEXAS
(Continued)

In accordance with the First Amendment, the City agreed to reduce the total current combined capital recovery fees of \$3,641 per ESFC for water supply and wastewater treatment services, as outlined in the Agreement, for the Project to \$2,913 per ESFC. Upon execution of the First Amendment, the Landowners were required to fund the first 155 ESFCs at a total cost of \$451,515. The City agrees to allocate capacity in the water and sanitary sewer trunk lines being constructed along FM 359 for up to 1,684 ESFC as outlined in Exhibit D to the First Amendment. The Second Amendment added Pulte Homes of Texas, L.P. ("Pulte") to the Agreement. The Landowners entered into a contract with Pulte for the sale of approximately 234.839 acres. Pulte has acquired the land and created the District which is now a party to the Agreement. In accordance with the Second Amendment, the Landowners retained the 155 ESFCs purchased in accordance with the First Amendment. In addition, the Landowners also retained the reduced ESFC price outlined therein.

During the current year, the District paid \$1,834,700 for capital recovery fees.

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 natural disasters for which the District carries commercial insurance. There have been no significant changes in coverage from the prior year and settlements have not exceeded coverage in the past two years.

NOTE 12. BOND SALE

On November 2, 2023, the District issued \$2,940,000 of Unlimited Tax Road Bonds, Series 2023. Proceeds from the bonds were used to reimburse the Developer for construction and engineering costs for Del Webb Fulshear, Section 1 Paving and Lifestyle Boulevard Paving. Additional proceeds were used to fund capitalized interest and to pay for issuance costs of the bonds.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 242,849	\$ 205,046	\$ (37,803)
Penalty, Interest and Miscellaneous Revenues		5,838	5,838
TOTAL REVENUES	<u>\$ 242,849</u>	<u>\$ 210,884</u>	<u>\$ (31,965)</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 103,000	\$ 122,058	\$ (19,058)
Contracted Services	20,000	33,723	(13,723)
Other	34,900	27,069	7,831
Capital Outlay		<u>1,834,700</u>	<u>(1,834,700)</u>
TOTAL EXPENDITURES	<u>\$ 157,900</u>	<u>\$ 2,017,550</u>	<u>\$ (1,859,650)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 84,949</u>	<u>\$ (1,806,666)</u>	<u>\$ (1,891,615)</u>
OTHER FINANCING SOURCES(USES)			
Developer Advances	<u>\$ 60,000</u>	<u>\$ 1,834,700</u>	<u>\$ 1,774,700</u>
NET CHANGE IN FUND BALANCE	\$ 144,949	\$ 28,034	\$ (116,915)
FUND BALANCE - JUNE 1, 2023	<u>150,583</u>	<u>150,583</u>	
FUND BALANCE - MAY 31, 2024	<u><u>\$ 295,532</u></u>	<u><u>\$ 178,617</u></u>	<u><u>\$ (116,915)</u></u>

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

MAY 31, 2024

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2024

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

<input type="checkbox"/>	Retail Water	<input type="checkbox"/>	Wholesale Water	<input checked="" type="checkbox"/>	Drainage
<input type="checkbox"/>	Retail Wastewater	<input type="checkbox"/>	Wholesale Wastewater	<input type="checkbox"/>	Irrigation
<input type="checkbox"/>	Parks/Recreation	<input type="checkbox"/>	Fire Protection	<input type="checkbox"/>	Security
<input type="checkbox"/>	Solid Waste/Garbage	<input type="checkbox"/>	Flood Control	<input type="checkbox"/>	Roads
<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: Not Applicable

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Not Applicable)

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Fort Bend County, Texas

Is the District located within a city?

Entirely ☒ Partly ☐ Not at all ☐

City in which the District is located:

City of Fulshear, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2024

PROFESSIONAL FEES:

Auditing	\$ 10,250
Engineering	49,936
Legal	<u>61,872</u>

TOTAL PROFESSIONAL FEES	<u>\$ 122,058</u>
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CONTRACTED SERVICES:

Bookkeeping	<u>\$ 33,723</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees, Including Payroll Taxes	\$ 13,017
Election Expense	185
Insurance	3,021
Office Supplies and Postage	5,105
Meeting Expense	4,924
Travel Expense	<u>817</u>

TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 27,069</u>
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CAPITAL OUTLAY	<u>\$ 1,834,700</u>
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TOTAL EXPENDITURES	<u>\$ 2,017,550</u>
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See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
INVESTMENTS
FOR THE YEAR ENDED MAY 31, 2024

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>
<u>GENERAL FUND</u>				
Texas CLASS	XXXX0001	Varies	Daily	<u>\$ 200,357</u>
<u>DEBT SERVICE FUND</u>				
Texas CLASS	XXXX0003	Varies	Daily	<u>\$ 137,466</u>
<u>CAPITAL PROJECTS FUND</u>				
Texas CLASS	XXXX0002	Varies	Daily	<u>\$ 19,657</u>
TOTAL - ALL FUNDS				<u><u>\$ 357,480</u></u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2024

	Maintenance Taxes		Debt Service Taxes		
TAXES RECEIVABLE -					
JUNE 1, 2023	\$	14,001	\$		
Adjustments to Beginning					
Balance		<u>\$</u>	<u></u>	\$ -0-	
Original 2023 Tax Levy	\$	181,417	\$	53,358	
Adjustment to 2023 Tax Levy		<u>9,817</u>	<u>191,234</u>	<u>2,887</u>	
TOTAL TO BE				<u>56,245</u>	
ACCOUNTED FOR		\$	205,235	\$	56,245
TAX COLLECTIONS:					
Prior Years	\$	14,001	\$		
Current Year		<u>191,045</u>	<u>205,046</u>	<u>56,190</u>	<u>56,190</u>
TAXES RECEIVABLE -					
MAY 31, 2024		<u>\$</u>	<u>189</u>	<u>\$</u>	<u>55</u>
TAXES RECEIVABLE BY					
YEAR:					
2023		\$	189	\$	55

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT No. 245
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2024

	<u>2023</u>	<u>2022</u>
PROPERTY VALUATIONS:		
Land	\$ 12,148,443	\$ 16,058,166
Improvements	6,459,444	2,048,929
Personal Property	176,494	3,110
Exemptions	<u>(36,000)</u>	<u>(7,653,275)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 18,748,381</u>	<u>\$ 10,456,930</u>
TAX RATES PER \$100 VALUATION:		
Debt Service	\$ 0.30	\$ 0.00
Maintenance	<u>1.02</u>	<u>1.32</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.32</u>	<u>\$ 1.32</u>
ADJUSTED TAX LEVY*	<u>\$ 247,479</u>	<u>\$ 138,031</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>99.90 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 assessed valuation approved by voters on May 7, 2022.

See accompanying independent auditor's report.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MAY 31, 2024

ROAD SERIES - 2023			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025		153,638	153,638
2026	65,000	152,175	217,175
2027	70,000	149,137	219,137
2028	75,000	145,875	220,875
2029	75,000	142,500	217,500
2030	80,000	138,912	218,912
2031	85,000	134,887	219,887
2032	90,000	130,512	220,512
2033	95,000	125,887	220,887
2034	95,000	121,137	216,137
2035	100,000	116,262	216,262
2036	105,000	111,137	216,137
2037	115,000	105,494	220,494
2038	120,000	99,325	219,325
2039	125,000	92,894	217,894
2040	130,000	86,200	216,200
2041	135,000	79,159	214,159
2042	145,000	71,635	216,635
2043	150,000	63,706	213,706
2044	160,000	55,275	215,275
2045	165,000	46,338	211,338
2046	175,000	36,988	211,988
2047	185,000	27,088	212,088
2048	195,000	16,638	211,638
2049	205,000	5,638	210,638
	<u>\$ 2,940,000</u>	<u>\$ 2,408,437</u>	<u>\$ 5,348,437</u>

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2024

Description	Original Bonds Issued	Bonds Outstanding June 1, 2023
Fort Bend County Municipal Utility District No. 245 Unlimited Tax Road Bonds - Series 2023	\$ 2,940,000	\$
TOTAL	\$ 2,940,000	\$ - 0 -

Bond Authority:	Water, Sewer and Drainage Refunding Bonds	Recreational Facilities Refunding Bonds	Road Refunding Bonds
Amount Authorized by Voters	\$ 250,000,000	\$ 30,000,000	\$ 71,000,000
Amount Issued	<u> </u>	<u> </u>	<u> </u>
Remaining to be Issued	<u>\$ 250,000,000</u>	<u>\$ 30,000,000</u>	<u>\$ 71,000,000</u>
Debt Service Fund cash and investment balances as of May 31, 2024:			<u>\$ 147,835</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 213,937</u>

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

See accompanying independent auditor's report.

Current Year Transactions				Paying Agent
Bonds Sold	Retirements		Bonds Outstanding May 31, 2024	
	Principal	Interest		
\$ 2,940,000	\$	\$ 50,786	\$ 2,940,000	BOK Financial, NA Dallas, TX
\$ 2,940,000	\$ - 0 -	\$ 50,786	\$ 2,940,000	
Water, Sewer Drainage Bonds	Recreational Facilities Bonds	Road Bonds		
\$ 250,000,000	\$ 30,000,000	\$ 71,000,000		
		2,940,000		
\$ 250,000,000	\$ 30,000,000	\$ 68,060,000		

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – TWO YEARS

	Amounts	
	2024	2023
REVENUES		
Property Taxes	\$ 205,046	\$ 124,030
Penalty, Interest and Miscellaneous Revenues	<u>5,838</u>	<u>43</u>
TOTAL REVENUES	<u>\$ 210,884</u>	<u>\$ 124,073</u>
EXPENDITURES		
Professional Fees	\$ 122,058	\$ 92,644
Contracted Services	33,723	30,366
Other	27,069	21,552
Capital Outlay	<u>1,834,700</u>	<u></u>
TOTAL EXPENDITURES	<u>\$ 2,017,550</u>	<u>\$ 144,562</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (1,806,666)</u>	<u>\$ (20,489)</u>
OTHER FINANCING SOURCES (USES)		
Developer Advances	<u>\$ 1,834,700</u>	<u>195,000</u>
NET CHANGE IN FUND BALANCE	\$ 28,034	\$ 174,511
BEGINNING FUND BALANCE	<u>150,583</u>	<u>(23,928)</u>
ENDING FUND BALANCE	<u>\$ 178,617</u>	<u>\$ 150,583</u>

See accompanying independent auditor's report.

Percentage of Total Revenues			
2024		2023	
97.2 %		100.0 %	
<u>2.8</u>			
<u>100.0</u> %		<u>100.0</u> %	
57.9 %		74.7 %	
16.0		24.5	
12.8		17.4	
<u>870.0</u>			
<u>956.7</u> %		<u>116.6</u> %	
<u>(856.7)</u> %		<u>(16.6)</u> %	

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – TWO YEARS

	Amounts	
	2024	2023
REVENUES		
Property Taxes	\$ 56,190	N/A
Miscellaneous Revenues	6,528	
TOTAL REVENUES	<u>\$ 62,718</u>	<u>N/A</u>
EXPENDITURES		
Tax Collection Expenditures	\$ 14,129	N/A
Debt Service Interest	50,786	
Other	1,788	
TOTAL EXPENDITURES	<u>\$ 66,703</u>	<u>N/A</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (3,985)</u>	<u>N/A</u>
OTHER FINANCING SOURCES (USES)		
Proceeds From Issuance of Long-term Debt	<u>\$ 128,031</u>	<u>N/A</u>
NET CHANGE IN FUND BALANCE	<u>\$ 124,046</u>	<u>N/A</u>
BEGINNING FUND BALANCE	<u></u>	<u></u>
ENDING FUND BALANCE	<u>\$ 124,046</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>N/A</u>	<u>N/A</u>

See accompanying independent auditor's report.

Percentage of Total Revenues			
<u>2024</u>		<u>2023</u>	
89.6	%	N/A	%
<u>10.4</u>		<u> </u>	
<u>100.0</u>	%	<u>N/A</u>	%
22.5	%	N/A	%
81.0			
<u>2.9</u>		<u> </u>	
<u>106.4</u>	%	<u>N/A</u>	%
<u>(6.4)</u>	%	<u>N/A</u>	%

See accompanying independent auditor's report.

District Mailing Address - Fort Bend County Municipal Utility District No. 245
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6467

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

Submission date of most recent District Registration Form: June 10, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

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FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 245
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2024

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	01/21/22	\$ 68,285 91,144	General Counsel Bond related
McCall Gibson Swedlund Barfoot PLLC	03/28/22	\$ 10,250 12,500	Auditor Bond related
Municipal Accounts & Consulting, L.P.	02/03/22	\$ 38,613 4,000	Bookkeeper Bond related
LJA Engineering, Inc.	01/21/22	\$ 49,936 25,000	Engineer Bond related
Robert W. Baird & Co. Inc.	02/02/23	\$ 61,964	Financial Advisor
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/03/22	\$ -0-	Delinquent Attorney
Tax Tech, Incorporated	02/03/22	\$ 12,432 2,500	Tax Assessor/ Collector Bond related
Mark Burton and Ghia Lewis	02/03/22	\$ -0-	Investment Officers

See accompanying independent auditor's report.

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
(713) 462-0341
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
(512) 610-2209
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

October 3, 2024

Board of Directors
Fort Bend County Municipal
Utility District No. 245
Fort Bend County, Texas

In planning and performing our audit of the financial statements of Fort Bend County Municipal Utility District No. 245 (the "District") as of and for the year ended May 31, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements of the District's financial statements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Last year and again this year, we observed the following deficiencies in the District's internal control that we consider to be material weaknesses.

Material Weaknesses

The District's management consists of an elected Board of Directors (the "Directors"). The day-to-day operations are performed by private companies ("Consultants") under contract with the District. The Directors of the District supervise the performance of the Consultants. Although the Consultants can be part of the District's system of internal control; however, the Consultants are not members of management. Ultimately, the Directors of the District are responsible for the design and implementation of the system of internal control.

As is common within the system of internal control of most small organizations, the accounting function of the District does not include preparation of the financial statements complete with footnotes in accordance with accounting principles generally accepted in the United States of America. Accordingly, the District has not established internal controls over the preparation of its financial statements. This condition is considered to be a material weakness of the District's system of internal control over financial reporting.

Material Weaknesses (Continued)

During the course of performing an audit, the auditor prepares various journal entries to present the financial statements on the government-wide basis of accounting. Management's reliance upon the auditor to detect and make these necessary adjustments is considered to be a material weakness in internal control. In addition, the District's Management relies on the District's auditor to prepare the capital asset and depreciation schedules and post adjustments related to the presentation of the capital assets in the government-wide financial statements. This reliance on the auditor to perform this function is considered to be a material weakness in the system of internal control. Auditing standards do not make exceptions for reporting deficiencies that are adequately mitigated with nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive.

We agree with the objective of auditing standards to inform an organization of all the conditions in its internal control that interfere with its ability to record financial data reliably and issue financial statements free of material misstatement. Communication of the material weaknesses above helps to emphasize that the responsibility for financial reporting rests entirely with the organization and not the auditor.

Management's Response

The District's Board of Directors is appointed or elected from the general population and do not necessarily have governmental accounting expertise. The Board engages consultants who possess industry knowledge and expertise to provide financial services, as well as legal and professional engineering services. Based on the auditor's unmodified opinion and after reading the financial statements, the Board believes the financial statements to be materially correct. The Board does not think that the addition of an employee or consultant to oversee the annual financial reporting process is necessary nor would it be cost effective.

Conclusion

Management's written response to the material weaknesses identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

This communication is intended solely for the information and use of the Board of Directors and the Texas Commission on Environmental Quality and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

APPENDIX B

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, AG 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 AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)