OFFICIAL STATEMENT DATED OCTOBER 14, 2026

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

The District has designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS –Qualified Tax-Exempt Obligations for Financial Institutions" herein.

NEW ISSUE—BOOK-ENTRY ONLY **RATING: AG Insured "AA" (stable outlook) S&P**

CUSIP No. 34684F **See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein**

$5,000,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

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

DEFINED AREA A
UNLIMITED TAX BONDS
SERIES 2026

Dated: November 1, 2026 **Due: April 1 (as shown below)**

The $5,000,000 Defined Area A Unlimited Tax Bonds, Series 2026 (the "Bonds" or the "Series 2026 Bonds") are special obligations of the Fort Bend County Municipal Utility District No. 168 (the "District"), secured solely by ad valorem taxes levied on the property located within the Fort Bend County Municipal Utility District No. 168 Defined Area A (the "Defined Area") which is located within the District. Interest on the Bonds will accrue from November 1, 2026, and will be payable on April 1 and October 1 of each year, commencing April 1, 2027. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is Zions Bancorporation, National Association, Houston, Texas. See "THE BONDS – Paying Agent/Registrar."

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

ASSURED GUARANTY

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield (a)	Principal Amount	Maturity	Interest Rate	Yield (a)
$80,000	2028	7.750%	4.000%	$175,000	2042 (b)	5.250%	5.300%
$85,000	2029	7.750%	4.100%	$190,000	2043 (b)	5.250%	5.350%
$90,000	2030	7.750%	4.200%	$200,000	2044 (b)	5.250%	5.400%
$95,000	2031	7.750%	4.300%	$210,000	2045 (b)	5.375%	5.450%
$100,000	2032 (b)	7.750%	4.350%	$225,000	2046 (b)	5.375%	5.500%
$105,000	2033 (b)	7.750%	4.400%	$235,000	2047 (b)	5.500%	5.550%
$110,000	2034 (b)	7.750%	4.450%	$250,000	2048 (b)	5.500%	5.570%
$120,000	2035 (b)	7.500%	4.550%	$265,000	2049 (b)	5.500%	5.580%
$125,000	2036 (b)	5.250%	4.900%	$280,000	2050 (b)	5.500%	5.590%
$135,000	2037 (b)	5.250%	5.000%	$300,000	2051 (b)	5.500%	5.600%
***	***	***	***	$315,000	2052 (b)	5.500%	5.610%
$160,000	2040 (b)	5.250%	5.200%	$335,000	2053 (b)	5.500%	5.620%
$170,000	2041 (b)	5.250%	5.250%	$355,000	2054 (b)	5.500%	5.630%

$290,000 5.250% Term Bonds Due April 1, 2039 to Yield 5.100% (a) (b) (c)

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

(b) The Bonds maturing on or after April 1, 2032, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2031, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds of a maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS—Optional Redemption."

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

The proceeds of the Bonds will be used by the District to reimburse the developer for: (1) construction of the Olympia Falls, Phases 1 and 2 detention pond and mitigation pond; (2) engineering, geotechnical, SWPPP and construction phase services costs for item 1; (3) Olympia Falls Phase 2 detention pond land acquisition costs; (4) clearing and grubbing to serve Olympia Falls & Olympia Falls Phase 2; (5) SWPPP services costs for item 4; (6) construction of Olympia Falls Outfall Channel; and (7) SWPPP services costs for item 6. In addition, a portion of the proceeds will be used to fund $240,000 of capitalized interest, as well as the issuance and administrative costs associated with the sale and issuance of the Bonds, including developer interest. See "USE OF BOND PROCEEDS." The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all the taxable property located within the Defined Area which is located within the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, the City of Houston, or any other entity, political subdivision, or agency. The Bonds are not secured by taxes levied on any land located within the District outside of the boundaries of the Defined Area. Neither the faith and credit nor the taxing power of the State of Texas, Fort Bend County, the City of Houston, or the area within the District not included in the Defined Area, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Houston, Texas, Bond Counsel. Certain other matters will be passed on for the District by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, as Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about November 12, 2026.

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT 1
SALE AND DISTRIBUTION OF THE BONDS 1
MUNICIPAL BOND RATING 2
BOND INSURANCE 2
OFFICIAL STATEMENT SUMMARY 4
SELECTED FINANCIAL INFORMATION OF THE DEFINED AREA 7
DEBT SERVICE SCHEDULE 8
INTRODUCTION 9
RISK FACTORS 9
USE OF BOND PROCEEDS 18
THE DISTRICT 19
DEFINED AREA A 19
DEFINED AREA B 20
THE SYSTEM 23
DEFINED AREA'S DEBT 26
DEFINED AREA'S TAX DATA 27
TAX PROCEDURES 29
ANNEXATION AND CONSOLIDATION 33
THE BONDS 33
BOOK-ENTRY-ONLY SYSTEM 36
LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS 37
LEGAL MATTERS 38
TAX MATTERS 38
OFFICIAL STATEMENT 40
CONTINUING DISCLOSURE OF INFORMATION 41
CERTIFICATION OF OFFICIAL STATEMENT 42
MISCELLANEOUS 42
INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT ..... A
SPECIMEN MUNICIPAL BOND INSURANCE POLICY ..... B
PHOTOGRAPHS TAKEN IN THE DISTRICT C

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046, upon payment of duplication costs.

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

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

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 "BOND INSURANCE" and "APPENDIX B - Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.006564% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate 5.701462%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

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

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

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial number of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after their initial sale by the District. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District 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 in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bids and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

MUNICIPAL BOND RATING

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. 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, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. 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.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed 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, 2025.

Capitalization of AG

At June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.
- The contingency reserve of AG was approximately $1,569 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 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, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026).

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 "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 "BOND INSURANCE".

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: The $5,000,000 Defined Area A Unlimited Tax Bonds, Series 2026 (herein the "Bonds" or the "Series 2026 Bonds") represent the third series of bonds to be issued by Fort Bend County Municipal Utility District No. 168 (the "District") as Defined Area Bonds pursuant to an order (the "Bond Order") of the Board of Directors of the District. The Bonds are dated November 1, 2026, and mature serially on April 1 on each of the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on April 1, 2027, and each October 1 and April 1 thereafter until maturity or prior redemption.

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

Redemption Provisions: The Bonds maturing on or after April 1, 2032, are subject to early redemption, in whole or from time to time in part, on April 1, 2031, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the year 2039 are Term Bonds and shall be subject to annual mandatory sinking fund redemption. See "THE BONDS – Mandatory Redemption."

Authority for Issuance: The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapter 8030, Texas Special District Local Laws Code, the general laws of the State of Texas, including but not limited to, Chapters 49 and 54 of the Texas Water Code, as amended, the Bond Order, an approving Order of the Texas Commission on Environmental Quality (the "TCEQ") and an election held within the Defined Area. The voters within the Defined Area have authorized the issuance of a total of $70,700,000 principal amount of unlimited tax bonds payable from taxes for water, sewer, and drainage facilities, of which $62,100,000 remain authorized but unissued after the sale of the Bonds and $53,025,000 principal amount of unlimited tax refunding bonds for the water, sewer, and drainage facilities, all of which remain authorized but unissued. Additionally, voters within the Defined Area have authorized the issuance of a total of $26,900,000 principal amount of unlimited tax bonds payable from taxes for road facilities, of which $22,480,000 remain authorized but unissued and $20,175,000 principal amount of unlimited tax refunding bonds for road facilities, all of which remain authorized but unissued. The voters authorized $17,800,000 principal amount of unlimited tax bonds for park and recreational facilities, all of which will remain authorized but unissued and $13,350,000 principal amount of unlimited tax refunding bonds for park and recreational facilities, all of which remain authorized but unissued. The voters of the Defined Area may in the future authorize the issuance of additional bonds. See "THE BONDS – Authority for Issuance and Issuance of Additional Defined Area Debt."

Outstanding Bonds: The Bonds are the third series of Defined Area Bonds. See "DEFINED AREA'S DEBT." The District has not issued unlimited tax bonds secured by ad valorem taxes levied against all taxable property within the District. The District has previously only issued Defined Area Bonds secured solely by ad valorem taxes levied within the Defined Area.

Sources of Payment: The Bonds are payable from a continuing direct annual ad valorem tax levied solely upon all taxable property within the Defined Area which, under Texas law, is not limited as to rate or amount. See "THE BONDS." With respect to payment from taxes, the Bonds are further payable equally and ratably with bonds to be issued in the future by the Defined Area. See "THE BONDS - Sources of and Security for Payment." The Bonds are special obligations of the District's Defined Area, and are not obligations of the City of Houston, the State of Texas, Fort Bend County, Texas, or any other political subdivision or agency. The Bonds are not secured by taxes levied on any land located within the District outside of the boundaries of the Defined Area.

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

Use of Bond Proceeds: The proceeds of the Bonds will be used by the District to reimburse the developer for: (1) construction of the Olympia Falls, Phases 1 and 2 detention pond and mitigation pond; (2) engineering, geotechnical, SWPPP and construction phase services costs for item 1; (3) Olympia Falls, Phase 2 detention pond land acquisition costs; (4) clearing and grubbing to serve Olympia Falls & Olympia Falls, Phase 2; (5) SWPPP services costs for item 4; (6) construction of Olympia Falls Outfall Channel; and (7) SWPPP services costs for item 6. In addition, a portion of the proceeds will be used to fund $240,000 of capitalized interest, as well as the issuance and administrative costs associated with the sale and issuance of the Bonds, including developer interest. See "USE OF BOND PROCEEDS."

Qualified Tax Exempt Obligations: The District has designated the Bonds as "qualified tax-exempt obligations." See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions."

Payment Record: The Bonds represent the third series of bonds issued by the District. There has been no default by the District in payment of principal of or interest on its bonded indebtedness.

Paying Agent/Registrar: Zions Bancorporation, National Association, Houston, Texas.

Legal Opinion: Coats Rose, P.C., Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."

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

THE DISTRICT AND THE DEFINED AREA

Description: The District is a municipal utility district created by the TCEQ on July 1, 2005, and confirmed at an election held within the District on May 1, 2021. The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. Pursuant to House Bill 1935, 86th Texas Legislature, Regular Session, (the "Act") codified as chapter 8030, Texas Special District Local Laws Code, effective September 1, 2019, the District was given the additional authority to establish defined areas within the District's boundaries and to construct, acquire, improve, operate, or maintain macadamized, gravel, or paved roads, or improvements, including storm drainage in aid of those roads. By order dated July 12, 2021, the Board of Directors of the District approved the establishment of Defined Area A encompassing approximately 131 acres. The District was initially empowered to finance, purchase, construct, own, 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. Subsequent action by the District empowered the Defined Area to issue road facility bonds.

The District/the Defined Area is located in Fort Bend County approximately 16 miles southwest of the downtown area of the City of Houston. The Defined Area is generally bordered by a 154.4639-acre tract owned by KHOU-TV, Inc. to the north, a 259.7066-acre tract owned by Teletower to the east, a 6.478-acre Memorial Hermann Hospital System tract to the west, and Lake Olympia Parkway to the south. The entire District and the Defined Area are located within the City of Houston's Extraterritorial Jurisdiction.

Defined Area: On July 12, 2021, the Board of Directors of the District approved the designation of a defined area encompassing approximately 131 acres (the "Defined Area"), and such creation was confirmed by the voters of said area at an election within the Defined Area boundaries on November 2, 2021. In addition to the confirmation of the creation of the Defined Area, the voters authorized certain unlimited tax bonds for water, sewer and drainage facilities/the refunding of such water, sewer and drainage bonds, certain unlimited tax bonds for road facilities/the refunding of such road facility bonds, certain unlimited tax bonds for park and recreational facilities/the refunding of such park and recreational facility bonds, and a maintenance tax not to exceed $1.50 on all taxable property within the Defined Area for water, sanitary, drainage and road structures and authorized the District to levy an operation and maintenance tax not to exceed $0.10 per $100 valuation on all taxable property within the Defined Area for Parks and Recreational Facilities. See "DEFINED AREA'S TAX DATA – Defined Area Maintenance Tax."

Defined Area Developer And Homebuilder:

The developer of the Defined Area is KB Home Lone Star Inc., a Texas corporation (the "Developer"). The Developer is an indirect wholly-owned subsidiary of KB Home, a Delaware corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol KBH. KB Home is one of the nation's largest publicly traded homebuilders, with homebuilding operations in numerous markets throughout the United States.

Status of Defined Area Land Development:

A summary of the approximate land use in the Defined Area appears in the following table as of August 1, 2026:

Type of Land Use	Approximate Acres	
Developed Acres	81	(a)
Under Development	0	
Remaining Developable Acreage	3	(b)
Undevelopable Acreage	47	(c)
Total Approximate Acres	**131**	

(a) Represents land located within Olympia Falls, Sections 1- 6 and approximately two acres of commercial reserves.

(b) Represents approximately three acres of commercial reserves.

(c) Includes: major thoroughfares & collectors; drainage easements and detention reserves; utility plant sites; parks/open spaces; and a drill site.

Land within the Defined Area is being developed as a residential community known as Olympia Falls. According to KB Home the Defined Area is expected to consist of a total of 423 single-family homes at build out; the District can make no representation that such build out will ever be achieved.

As of August 1, 2026, homebuilding in the Defined Area (Olympia Falls, Sections 1-6) includes 344 completed homes, 31 homes under construction, and 48 vacant developed lots.

The System:

The District's water, wastewater, and storm drainage facilities have been designed in accordance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Houston, Fort Bend County, Fort Bend County Drainage District and the Harris-Galveston Coastal Subsidence District. The designs of all such facilities have been approved by all required governmental agencies. Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the Environmental Protection Agency, the TCEQ, the City of Houston, Fort Bend County, and the Harris-Galveston Coastal Subsidence District. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision. See "THE SYSTEM."

100-Year Flood Plain:

None of the land presently developed in the Defined Area (Olympia Falls, Sections 1-6) is located within the 100-Year Flood Plain.

Defined Area B:

Pursuant to the provisions of the Act and Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property to pay for improvements, facilities, or services that primarily benefit that area. By an Order dated January 31, 2023, the District's Board of Directors approved the establishment of Defined Area B consisting of approximately 201 acres. On May 6, 2023, the District voters within Defined Area B approved the creation of Defined Area B encompassing approximately 201 acres within the District which is located immediately north of the Defined Area.

At an election within the Defined Area B on May 6, 2023, the voters within the Defined Area B authorized the issuance of unlimited tax bonds to finance: water, wastewater, drainage improvements; road facilities; park/recreation facilities; and for the further purpose of issuing refunding bonds for those bonds mentioned above. All the bonds were authorized solely for the purpose of serving land located within the Defined Area B. The voter's authorization also included the levy of an unlimited tax for the payment debt service on such bonds issued for the Defined Area B and a maintenance tax not to exceed $1.50 to maintain facilities located within Defined Area B.

As of August 1, 2026, Hightower Phase I Owner, LLC has completed development of three industrial buildings totaling 536,216 square feet in Phase I of Defined Area B. Hightower Phase II Owner, LLC anticipates commencing development of two industrial buildings totaling 1,093,807 square feet on September 1, 2026, with an expected completion date of October 1, 2027, in Phase II of Defined Area B.

SELECTED FINANCIAL INFORMATION OF THE DEFINED AREA

(Unaudited)

4/1/2026 Estimated Taxable Value	$118,794,634	(a)
2026 Certified Taxable Value	$105,840,973	(b)
Direct Debt		
Outstanding Bonds (as of August 1, 2026)	$7,920,000	
The Bonds	$5,000,000	
Total Direct Debt	$12,920,000	
See "DEFINED AREA'S DEBT"		
Estimated Overlapping Debt	$4,939,201	
Direct and Estimated Overlapping Debt	$17,859,021	
Percentage of Direct Debt to:		
4/1/2026 Estimated Taxable Value	10.88%	
2026 Certified Taxable Value	12.21%	
See "DEFINED AREA'S DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
4/1/2026 Estimated Taxable Value	15.03%	
2026 Certified Taxable Value	16.87%	
See "DEFINED AREA'S DEBT"		
2026 Tax Rate Per $100 of Assessed Value		
WSD Debt Service	$0.30	
Road Debt Service	$0.25	
Maintenance Tax	$0.95	
Total 2026 Tax Rate	$1.50	
Cash and Temporary Investment Balances as of September 9, 2026:		
General Fund	$1,653,146.05	
Debt Service Fund	$186,336.95	(c)
Road Debt Service Fund	$287,219.98	(d)

(a) Reflects data supplied by the Fort Bend Central Appraisal District ("FBCAD"). The Estimated Taxable Value of taxable property within the Defined Area as of 4/1/2026 was prepared by FBCAD and provided to the District. Such values are not binding on FBCAD, and the new values (subsequent to January 1, 2027) will not be included on the District's tax roll until the 2027 tax roll is prepared and certified by FBCAD during the second half of 2027. See "DEFINED AREA'S TAX DATA" and "TAX PROCEDURES."

(b) Reflects the January 1, 2026, Certified Taxable Values within the Defined Area as provided to the District by FBCAD and the District's Tax Assessor/Collector. See "TAX PROCEDURES."

(c) Reflects unaudited cash and investment balance. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. The cash and investment balance in the Debt Service Fund includes $240,000 of capitalized interest to be funded with proceeds of the Bonds to be deposited into such fund on the date of delivery of the Bonds. The cash and investment balances in the Debt Service Fund are not available to make debt service payments on any of the District's Bonds sold for road facilities. See "DEFINED AREA'S TAX DATA – Tax Adequacy for the Defined Area's Debt Service."

(d) Reflects unaudited cash and investment balance. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Defined Area's Road Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are not available to make debt service payments on the Bonds. See "DEFINED AREA'S TAX DATA – Tax Adequacy for the Defined Area's Debt Service."

DEBT SERVICE SCHEDULE

The following sets forth the outstanding debt service requirements and the Defined Area's Series 2026 Bonds.

Year	Outstanding Debt Service	Debt Service Requirements on the Series 2026 Bonds		Total Debt Service Requirements
		Principal	Interest	
2027	$503,203	-	$264,189	$767,392
2028	$524,125	$80,000	$285,106	$889,231
2029	$518,953	$85,000	$278,713	$882,666
2030	$514,188	$90,000	$271,931	$876,119
2031	$509,828	$95,000	$264,763	$869,591
2032	$505,125	$100,000	$257,206	$862,331
2033	$500,275	$105,000	$249,263	$854,538
2034	$521,034	$110,000	$240,931	$871,966
2035	$521,784	$120,000	$232,169	$873,953
2036	$517,206	$125,000	$224,388	$866,594
2037	$512,325	$135,000	$217,563	$864,888
2038	$511,782	$140,000	$210,344	$862,126
2039	$530,134	$150,000	$202,731	$882,866
2040	$527,516	$160,000	$194,594	$882,109
2041	$524,238	$170,000	$185,931	$880,169
2042	$515,406	$175,000	$176,875	$867,281
2043	$535,563	$190,000	$167,294	$892,856
2044	$529,500	$200,000	$157,056	$886,556
2045	$522,750	$210,000	$146,163	$878,913
2046	$520,375	$225,000	$134,472	$879,847
2047	$536,813	$235,000	$121,963	$893,775
2048	$528,938	$250,000	$108,625	$887,563
2049	$543,750	$265,000	$94,463	$903,213
2050	$537,375	$280,000	$79,475	$896,850
2051	$530,250	$300,000	$63,525	$893,775
2052	$541,938	$315,000	$46,613	$903,550
2053	$532,438	$335,000	$28,738	$896,175
2054	-	$355,000	$9,763	$364,763
TOTAL	**$14,116,810**	**$5,000,000**	**$4,914,842**	**$24,031,652**

Maximum Annual Debt Service Requirements (2052) $903,550

$0.81 Tax Rate on the 4/1/2026 Estimated Taxable Valuation of $118,794,634
@ 95% collections..... ……...$914,125

$0.90 Tax Rate on the 2026 Certified Taxable Valuation of $105,840,973
@ 95% collections..... ……...$904,940

See "DEFINED AREA'S TAX DATA – Tax Adequacy for the Defined Area's Debt Service."

OFFICIAL STATEMENT

relating to

Fort Bend County Municipal Utility District No. 168 Defined Area A
(A political subdivision of the State of Texas, located within Fort Bend County, Texas)

$5,000,000
UNLIMITED TAX BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $5,000,000 Fort Bend County Municipal Utility District No. 168 Defined Area A Unlimited Tax Bonds, Series 2026 (the "Bonds"), which are secured solely by ad valorem taxes levied on property located within the Defined Area A (the "Defined Area") within Fort Bend County Municipal Utility District No. 168 (the "District").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the Act, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the Defined Area of the District, an approving Order of the TCEQ, and pursuant to an order (the "Bond Order") adopted by the Board of Directors of the District, a conservation and reclamation district and political subdivision of the State of Texas located within Fort Bend County, Texas, and are special obligations of the District and are secured solely by a tax to be levied against the property within the Defined Area of the District.

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

RISK FACTORS

General

The security for payment of the Bonds depends on the District's ability to collect taxes levied against property within the Defined Area in an amount sufficient to pay debt service on the Bonds when due. The District makes no representation that over the term of the Bonds taxable property within the Defined Area will maintain values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property if the District forecloses on property to enforce its tax lien. Further, the collection of delinquent taxes owed the District and the enforcement by a bondholder of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "DEFINED AREA'S TAX DATA - Tax Collections", "Registered Owners' Remedies" herein, and "THE BONDS – Sources of and Security for Payment."

Tax Collections

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes on property located in the Defined Area. 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 foreclosure may be impaired by (a) repetitive, annual expensive collections procedures, (b) a federal bankruptcy court's stay of tax collection procedures, or (c) market conditions affecting the marketability of taxable property within the Defined Area and limiting the proceeds from a foreclosure sale of such property. While the District has a lien on taxable property within the District/Defined Area for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. See "DEFINED AREA'S TAX DATA – Principal Taxpayers in the Defined Area," and "TAX PROCEDURES."

Dependence on Future Development and Potential Impact on District Tax Rates

The District's 2026 total tax rate is $0.00 per $100 of assessed valuation (it is not presently anticipated that the District will ever levy a debt service tax rate or a maintenance tax rate). The Defined Area's total tax rate is $1.50 comprised of $0.95 per $100 of assessed valuation for operation/maintenance purposes and $0.55 per $100 of assessed valuation for debt service on the Outstanding Bonds. At the present time, tax rates in excess of $1.50 per $100 of assessed valuation are not common among the majority of utility districts in the Fort Bend County area, although many newly activated districts are presently projecting tax rates in the range of $1.35 to $1.50 per $100. Any increase in the District's plus the Defined Area's tax rate substantially above the $1.50 level could adversely impact future building development in the Defined Area and the District's ability to collect such tax.

The growth of the Defined Area's tax base is directly related to the housing industry in general and the demand for residential lots in the District in particular. The housing industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, demand for developed property, availability of mortgage and development funds, labor conditions, the rate of foreclosure and general economic conditions. In the mid 1980's the downturn in the Houston economy and concurrent increases in unemployment substantially reduced the demand for new housing. In many instances, homeowners turned homes back to mortgage companies

because of a negative equity position and, consequently, many repossessed homes were resold at substantially reduced prices. The demand for and construction of single-family homes in the District, which is 16 miles southwest of downtown Houston, also could be affected by competition from nearby residential developments. In addition to competition for new home sales from other developments, there are numerous previously owned homes in more established neighborhoods and/or in more favorable locations closer to downtown Houston that have been or are on the market at prices comparable to prices of new and previously owned homes within the District. Such previously owned homes represent additional competition for new homes proposed to be sold within the District.

The development industry in the Houston area is competitive, and the District can give no assurance that any additional building and development of land within the Defined Area will be successfully implemented. Both the local demand for, and the relative performance of developers in the sale of residential lots and the performance of prospective home builders in the construction of single-family homes are affected by most of the factors discussed herein and will directly affect the growth and maintenance of taxable values in the District and the ability of the District to raise tax revenues sufficient to pay its debt service requirements on the Defined Area Bonds.

Assuming no further residential construction within the Defined Area other than that which has already been built, the value of such land and improvements currently located within the Defined Area could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District on property within the Defined Area. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds will be $903,550 (2052). If no growth in value were to occur beyond the 2026 Certified Taxable Value of $105,840,973 as provided by FBCAD, a debt service tax rate of $0.90 per $100 of Assessed Valuation at a 95% collection rate would be required to pay such Maximum Annual Debt Service Requirement. If no growth in value were to occur beyond the 4/1/2026 Estimated Taxable Value of $118,794,634 as provided by FBCAD, a debt service tax rate of $0.81 per $100 of Assessed Valuation at a 95% collection rate would be required to pay such Maximum Annual Debt Service Requirement. See “DEFINED AREA’S TAX DATA - Tax Adequacy for Defined Area’s Debt Service.”

Dependence on Principal Taxpayers and the Developer

According to the District’s 2026 certified tax rolls as provided by the Appraisal District, the top 10 taxpayers represent $13,351,786 of taxable assessed valuation, or approximately 12.61% of the Defined Area’s 2026 Certified Taxable Value of $105,840,973. The Defined Area’s principal taxpayers include KB Home Lone Star Inc. (the “Developer”), which represents $6,259,594 of taxable assessed valuation, or approximately 5.91% of the Defined Area’s 2026 Certified Taxable Value.

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

The Developer has informed the District that its current plan is to continue developing its property in the District. However, neither the Developer nor any future developer is obligated to implement development plans on any particular schedule or at all. Thus, the furnishing of any information related to any proposed development should not be interpreted as a commitment. The District makes no representation about the probability of development continuing in a timely manner or about the ability of the Developer and other landowners to implement any plan of development. Furthermore, there is no restriction on any landowner’s right to sell land. The District can make no prediction as to the effects that current or future economic conditions or governmental circumstances may have on any plans of the Developer, its affiliates or any other landowners. See “THE DEVELOPER” and “THE DISTRICT – Land Uses and Status of Land Development.”

Landowners/Developer under No Obligation to the District

The Developer does not have any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District. Currently, there is no restriction on any landowner’s right (including the Developer) to sell its land. Failure to construct taxable improvements on developed lots (anticipated to be created by the Developer) and failure of the Developer to develop its land would restrict the rate of growth of taxable value in the District. The District is also dependent upon certain principal taxpayers including the Developer for the timely payment of ad valorem taxes; the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See “DEFINED AREA TAX DATA – Principal Taxpayers.”

Overlapping Tax Rates

Consideration should be given to the total tax burden of all overlapping jurisdictions imposed upon property located within the Defined Area as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the Defined Area, and particularly to the tax rates of the District as a whole which includes the land within the Defined Area. The combination of the Defined Area’s and the overlapping taxing entities’ tax rates may be slightly higher than the combined tax rates generally levied upon comparable developments in the market area. Consequently, an increase in the Defined Area’s tax rate above those anticipated above may have an adverse impact on future development or the construction of additional taxable improvements in

the Defined Area. See "DEFINED AREA DEBT – Estimated Overlapping Debt" and "DEFINED AREA'S TAX DATA – Estimated Overlapping Taxes."

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

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

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

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

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

A district cannot be placed into bankruptcy involuntarily.

Approval of the Bonds

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

Economic Factors

The continued growth and maintenance of taxable values in the District is directly related to the housing/home building industry. Historically, the housing and home building industry has been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions including the relative price of oil and natural gas. Any future commercial building in the District (if any) could also be adversely affected by such economic developments.

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

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

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

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

Potential Effects of Oil Price Fluctuation on the Houston Area

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

Future Debt of the Defined Area

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

Amount	Purpose
$70,700,000	For certain water, sanitary sewer, and storm water facilities
$53,025,000	For certain water, sanitary sewer, and storm water facilities refunding bonds
$26,900,000	For certain road facilities
$20,175,000	For certain road facilities refunding bonds
$17,800,000	For certain parks and recreational facilities
$13,350,000	For certain parks and recreational facilities refunding bonds

After the issuance of the Bonds, the District will have $62,100,000 of unlimited tax bonds for water, sewer, and drainage facilities that remain authorized but unissued, $53,025,000 principal amount of unlimited tax refunding bonds for the water, sewer, and drainage facilities (all of which remain authorized but unissued), $22,480,000 of unlimited tax road facilities bonds that remain authorized but unissued, $20,175,000 principal amount of unlimited tax refunding bonds for road facilities (all of which remain authorized but unissued), $17,800,000 of unlimited tax parks and recreational facilities bonds, and $13,350,000 principal amount of unlimited tax refunding bonds for park and recreational facilities (all of which remain authorized but unissued) to be secured by ad valorem taxes to be levied against property within the Defined Area that remain authorized but unissued.

The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations for the Defined Area described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Authority for Issuance and Issuance of Additional Defined Area Debt."

The District has the right to issue unlimited tax bonds secured by ad valorem taxes levied on property in the entire District upon approval by both the Board and voters of the entire District. It is not presently anticipated that the District will issue bonds secured by ad valorem taxes levied on property in the entire District. A bond election in the entire District has not been scheduled.

Defined Area within the District

The District is authorized to define areas or designate certain property of the District to pay for improvements, facilities or services that primarily benefit that area pursuant to the provisions of the Act and Subchapter J of Chapter 54 of the Texas Water Code, as amended. On July 12, 2021, the Board of Directors of the District approved the designation of the defined area encompassing approximately 131 acres, and such creation was confirmed by the voters of said area at an election within the Defined Area boundaries on November 2, 2021. In addition to the confirmation of the creation of the Defined Area, the voters authorized certain unlimited tax bonds for road facilities/the refunding of such road facility bonds, certain unlimited tax bonds for water, sewer and drainage facilities/the refunding of such water, sewer and drainage bonds, and a maintenance tax not to exceed $1.50 on all taxable property within the District for water, sanitary, drainage and road structures and authorized the District to levy an operation and maintenance tax not to exceed $0.10 per $100 valuation on all taxable property within the District for Parks and Recreational Facilities. Any unlimited tax bonds issued by the District for the Defined Area shall be payable solely from taxes levied within the boundaries of the Defined Area and not on any other part of the District. See "THE BONDS – Authority for Issuance and Issuance of Additional Defined Area Debt." Additionally, any maintenance tax levied by the District for the Defined Area shall be payable solely on property located within the Defined Area. See "DEFINED AREA'S TAX DATA – Maintenance Tax."

Financing Parks and Recreational Facilities

The District may levy an operation and maintenance tax to support parks and recreational facilities at a rate not to exceed $0.10 per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. In addition, the District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of parks and recreational facilities if (i) the District duly adopts a park plan; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed the lesser of 1% of the value of the taxable property in the District at the time of issuance of the bonds, 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 three percent (3%) of the value of the taxable property in the District; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; and (v) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. The issuance of such bonds is subject to rules and regulations to be adopted by the TCEQ.

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

Environmental Regulations

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

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

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

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

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

The HGB Area is currently designated as a "serious" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

The 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.

Changes in Tax Legislation

Certain tax legislation, if enacted 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.

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 an issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the policy insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

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

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

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

Neither the District nor the Underwriter 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 "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.

Inclement Weather

The District is located approximately 75 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the Defined Area, the assessed value of property within the Defined Area could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the Defined Area's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the Defined Area will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the Defined Area. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the Defined Area would be adversely affected.

The District may be subject to the following flood risks:

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

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

Continuing Compliance with Certain Covenants

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

Marketability

There is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as such bonds are generally bought, sold or traded in the secondary market.

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, 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, under the Texas Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

Temporary Tax Exemption for Property Damaged by Disaster

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

Atlas 14

The National Weather Service recently 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 the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of 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.

Increase in Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and ongoing trade disputes (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 unpredictable tariff policy (including the threatened impositions of tariffs) may impact the ability of the developer or homebuilder[s] 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 developer's ability to construct utility and road facilities and a homebuilder's 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 or homebuilding 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 any home builder.

Cybersecurity

The District's consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District's consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District's finances. Insurance to protect against such breaches is limited.

USE OF BOND PROCEEDS

The proceeds of the Bonds will be used by the District to reimburse KB Home Lone Star Inc., (the "Developer") for: (1) construction of the Olympia Falls, Phases 1 and 2 detention pond and mitigation pond; (2) engineering, geotechnical, SWPPP and construction phase services costs for item 1; (3) Olympia Falls Phase 2 detention pond land acquisition costs; (4) clearing and grubbing to serve Olympia Falls & Olympia Falls, Phase 2; (5) SWPPP services costs for item 4; (6) construction of Olympia Falls Outfall Channel; and (7) SWPPP services costs for item 6. In addition, a portion of the proceeds will be used to fund $240,000 of capitalized interest, as well as the issuance and administrative costs associated with the sale and issuance of the Bonds, including developer interest.

The Engineer has advised the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS:	**Total Amount**	
Developer Contribution Items		
None	-	
District Contribution Items		
Olympia Falls Phase 1 Detention Pond	$142,979	
Olympia Falls Phase 2 Detention Pond & Mitigation Pond	$1,212,427	
Clearing and Grubbing to serve Olympia Falls	$528,459	
Clearing and Grubbing to serve Olympia Falls Phase 2	$350,410	
Olympia Falls Outfall Channel	$735,281	
Engineering, Geotechnical, and Material Testing	$294,758	
Storm Water Pollution Prevention Plan (Items No. 2-5)	$76,972	
Land Costs for Olympia Falls Detention Pond Phase 2	$421,473	
Subtotal District Items	**$3,762,759**	
TOTAL CONSTRUCTION COSTS	**$3,762,759**	
Less Surplus Funds	**($89,451)**	
NET CONSTRUCTION COSTS	**$3,673,308**	
NON-CONSTRUCTION COSTS:		
Legal Fees	$140,000	
Fiscal Agent Fees	$100,000	
Capitalized Interest	$240,000	
Developer Interest	$594,000	
Bond Discount	$149,671	
TCEQ Bond Issue Fee	$12,500	
Bond Issuance Expenses	$35,192	
Bond Application Report Costs	$50,000	
Attorney General Fee	$5,000	
Contingency	$329	(a)
TOTAL NON-CONSTRUCTION COSTS	**$1,326,692**	
TOTAL BOND ISSUE REQUIREMENT	**$5,000,000**	

(a) Represents the difference between the estimated and actual amounts of capitalized interest and Bond Discount. Such funds will be used by the District to fund costs only after approval by the TCEQ.

THE DISTRICT

General

The District is a municipal utility district created by the TCEQ, on July 1, 2005, and confirmed at an election held within the District on May 1, 2021. The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District was initially empowered to finance, purchase, construct, own, 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.

Pursuant to the Act effective September 1, 2019, the District was given the additional authority to establish defined areas within the District's boundaries and to construct, acquire, improve, operate, or maintain macadamized, gravel, or paved roads, or improvements, including storm drainage in aid of those roads.

Description

The District/the Defined Area is located in Fort Bend County approximately 16 miles southwest of the downtown area of the City of Houston. The Defined Area is generally bordered by a 154.4639-acre tract owned by KHOU-TV, INC. to the north, a 259.7066-acre tract owned by Teletower to the east, a 6.478-acre Memorial Hermann Hospital System tract to the west, and Lake Olympia Parkway to the south. The entire District and the Defined Area are located within the City of Houston's Extraterritorial Jurisdiction.

Status of Land Development in the Defined Area

A summary of the approximate land use in the Defined Area as of August 1, 2026, appears in the following table:

Type of Land Use	Approximate Acres	
Developed Acres	81	(a)
Under Development	0	
Remaining Developable Acreage	3	(b)
Undevelopable Acreage	47	(c)
Total Approximate Acres	**131**	

(a) Represents land located within Olympia Falls, Sections 1, 2, 3, 4, 5 and 6 and approximately two acres of commercial reserves.

(b) Represents approximately three acres of commercial reserves.

(c) Includes: major thoroughfares & collectors; drainage easements and detention reserves; utility plant sites; parks/open spaces; and a drill site.

DEFINED AREA A

Pursuant to the provisions of the Act and Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property to pay for improvements, facilities, or services that primarily benefit that area. On November 2, 2021 the District voters approved the creation of a defined area encompassing approximately 131 acres within the District known as Defined Area A (herein the "Defined Area").

At an election within the Defined Area on November 2, 2021, the voters within the Defined Area authorized the issuance of unlimited tax bonds to finance water, wastewater and drainage improvements; road facilities; park/recreation facilities; and for the further purpose of issuing refunding bonds for those bonds mentioned above. All the bonds were authorized solely for the purpose of serving land located within the Defined Area. The voter's authorization also included the levy of an unlimited tax solely on the property within the Defined Area for the payment debt service on such bonds issued for the Defined Area. See "THE BONDS- Authority for Issuance and Additional Defined Area Debt".

The Defined Area, to date, has been developed as primarily a residential development consisting of approximately 423 single family residential lots, called Olympia Falls, Sections 1-6; the land in the Defined Area is being developed by Developer and the Developer is the only homebuilder in the Defined Area. Homes in the Olympia Falls Subdivision are currently constructed and marketed by the Developer and marketed in the $300,000 price range. As of August 1, 2026, homebuilding development in the Defined Area has completed all development within Olympia Falls, including 344 completed homes, 31 homes under construction, and 48 vacant developed lots.

DEFINED AREA B

Pursuant to the provisions of the Act and Subchapter J of Chapter 54 of the Texas Water Code, as amended, the District is authorized to define areas or designate certain property to pay for improvements, facilities, or services that primarily benefit that area. By an Order dated January 31, 2023, the District's Board of Directors approved the establishment of Defined Area B consisting of approximately 201 acres. On May 6, 2023, the District voters within Defined Area B approved the creation of Defined Area B encompassing approximately 201 acres within the District which is located immediately north of the Defined Area.

At an election within the Defined Area B on May 6, 2023, the voters within the Defined Area B authorized the issuance of unlimited tax bonds to finance: water, wastewater, drainage improvements; road facilities; park/recreation facilities; and for the further purpose of issuing refunding bonds for those bonds mentioned above. All the bonds were authorized solely for the purpose of serving land located within the Defined Area B. The voter's authorization also included the levy of an unlimited tax solely on property located within Defined Area B for the payment of debt service on such bonds issued for the Defined Area B and a maintenance tax not to exceed $1.50 to maintain facilities located within Defined Area B.

The current owner of all of the land in Defined Area B is Hightower Investor Holdings, LLC. Hightower Phase I Owner, LLC has developed Phase I of the property for commercial/industrial purposes, and Hightower Phase II Owner, LLC anticipates commencing development of Phase II as described herein. The Defined Area B levies taxes on the land located solely within Defined Area B for the purpose of paying general operating costs and paying for the debt service on bonds that may be issued in the future by the District for Defined Area B. As of August 1, 2026, Hightower Phase I Owner, LLC has completed development of three industrial buildings totaling 536,216 square feet in Phase I. Hightower Phase II Owner, LLC anticipates commencing development of two industrial buildings totaling 1,093,807 square feet on September 1, 2026, with an expected completed date of October 1, 2027, in Phase II of the development.

Management of the District

The District is governed by a board of directors (the "Board"), which has control over and management supervision of all affairs of the District. All of the directors reside within the District. Director elections are held only in even-numbered years and the directors serve staggered four-year terms. The current members and officers of the Board, along with their titles are listed below:

Name	Title	Term Expires
Ryan Smith	President	2028
Kyle Prater	Vice President	2030
Albert Spiers	Secretary	2028
David Husid	Assistant Secretary	2030
Amelia Switz	Assistant Secretary	2028

The District does not employ a general manager and does not have any employees. The District has contracted for utility system operations, bookkeeping, tax assessing and collecting, engineering, legal services, and annual auditing of its financial statements as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Utility Tax Service, LLC who is engaged under annual contract and represents approximately 200 other utility districts.

Bookkeeper – The District has contracted with L&S District Services, LLC for bookkeeping services.

Auditor – The financial statements of the District as of March 31, 2026, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Utility System Operator – The Defined Area's utility service provider is Quadvest, LP.

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

Financial Advisor – The District has engaged The GMS Group, L.L.C. as financial advisor for a fee to be computed on each separate issuance of bonds, contingent upon such bonds being delivered.

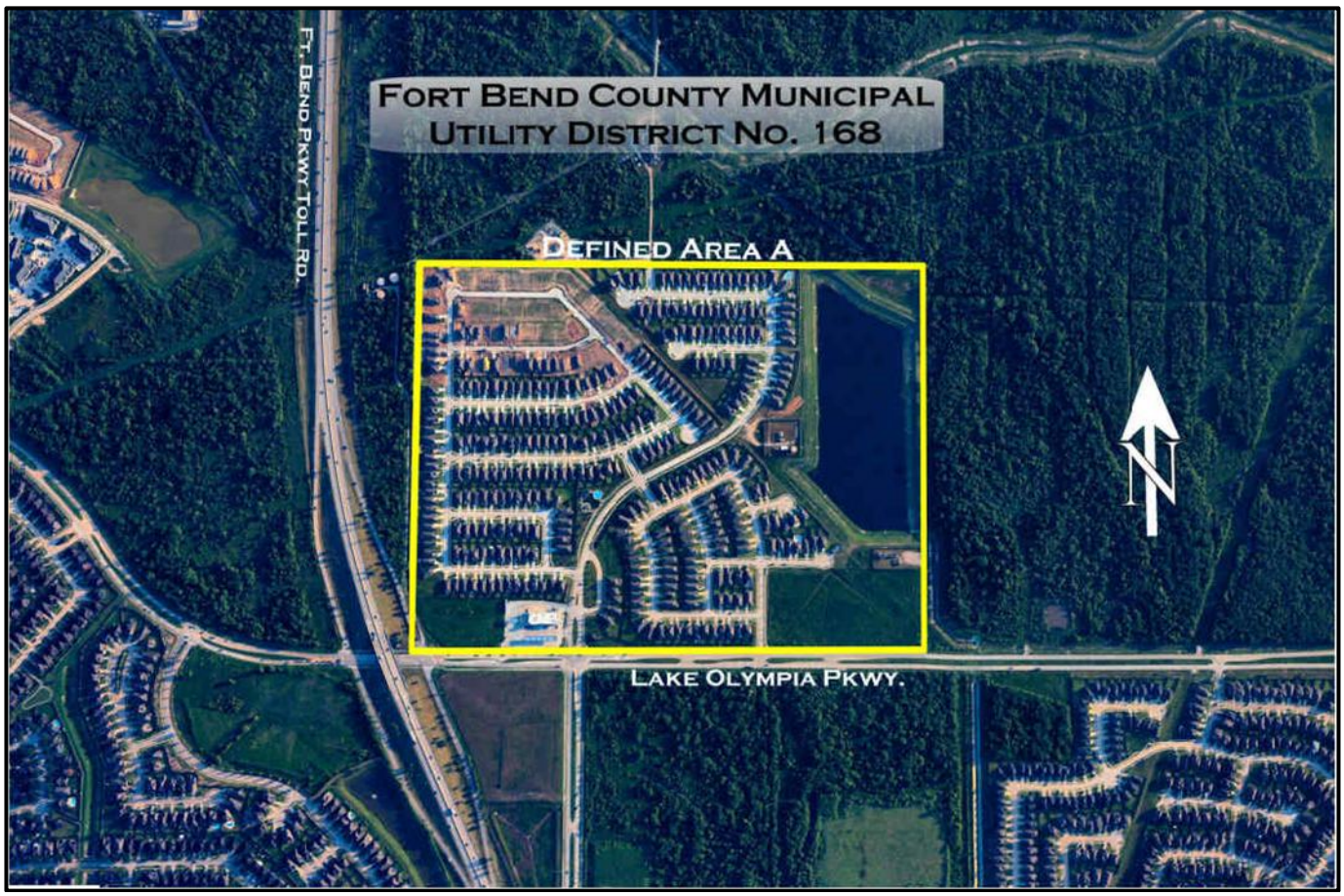
Legal Counsel – Coats Rose, P.C. serves as Bond Counsel to the District and as General Counsel for the District on matters other than the issuance of bonds. Payment for General Counsel services is based on an hourly fee charge. Bond Counsel is paid a fee from the proceeds of the Bonds; such fee is contingent upon the sale and delivery of the Bonds.

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

Investments of the District

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

AERIAL PHOTOGRAPH OF THE DEFINED AREA



THE SYSTEM

Regulation

The District's water, wastewater, and storm drainage facilities have been designed in accordance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Houston, Fort Bend County, Fort Bend County Drainage District and the Harris-Galveston Coastal Subsidence District. The designs of all such facilities have been approved by all required governmental agencies. Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the Environmental Protection Agency, the TCEQ, the City of Houston, Fort Bend County, and the Harris-Galveston Coastal Subsidence District. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Description of the System

The water, wastewater and storm drainage facilities of the District and the accompanying rights of use therein are described below based upon information obtained from the District's records.

- Water Facilities -

The Defined Area obtains its water supply from Quadvest, L.P. ("Quadvest"); Quadvest is a private retail utility that provides water service throughout the Houston area and more specifically in Fort Bend County under water CCN number 11612 registered with the TCEQ. All of the water supply for the Defined Area is from groundwater located on the District's property. There is no water supplied by surface water for the Defined Area.

Quadvest L.P owns and operates the water plant and other supply facilities for Defined Area; the District does not own or operate any water supply facilities within the Defined Area. The Quadvest water supply facilities within the Defined Area are capable of serving 500 equivalent single-family connections ("ESFC's").

The residents of the Defined Area pay their monthly bills to Quadvest; according to representatives of Quadvest the average home in the Defined area uses approximately 4,000 gallons per month which produces a monthly water sewer bill of approximately $127. Additionally, residents pay an amount equal to $4.55 per 1,000 gallons for groundwater and $4.90 for per 1,000 gallons for surface water that is passed through to the North Fort Bend Water Authority.

- Wastewater Treatment -

The District obtains all of its wastewater treatment capacity from Quadvest. The Wastewater Treatment Plant that serves the Defined Area is capable of serving 371 ESFC's. Quadvest has informed the District that it is currently planning an expansion to the Wastewater Treatment Plant that serves the Defined Area. Upon completion of the expanded Wastewater Treatment Plant, the plant will be capable of serving 833 ESFC's.

- Drainage -

The Defined Area is conveyed through storm sewer to the existing detention pond located on the east boundary of the District, and then outfalls south into the ponds of the existing Windfield Lakes Subdivision and then to Long Point Creek. A mitigation pond is located along the northeast corner of the District boundary. Historically, the pond was constructed to provide mitigation for fill placed within an area of the District that was originally located in the floodplain and to convey flows to Mustang Bayou through an existing 24-inch RCP storm sewer. All acreage within the FBCMUD No. 168 Defined Area A has since been officially removed from the floodplain through the Letter of Map Revision (LOMR) approved by the Federal Emergency Management Agency (FEMA) on August 9, 2024. As a result, compensatory floodplain mitigation is no longer required; however, the pond continues to provide stormwater conveyance to Mustang Bayou through the existing 24-inch RCP storm sewer.

The drainage system within the District is based on curb and gutter streets with inlets that pick up the internal runoff from the developed subdivisions and parcels. The storm drainage system ultimately discharges into an excavated detention pond within the Long Point Creek watershed and then drains into the existing Windfield Lakes Subdivision detention ponds and ultimately to Long Point Creek. The ultimate runoff is detained to the existing runoff condition to prevent changes to the downstream conditions.

Olympia Falls Phase Detention Pond: Serves as the main excavated detention pond for the Defined Area "A. The pond provides a capacity of 125.65 acre-feet of detention and outfalls into a drainage channel to the south that conveys storm water to the existing Windfield Lakes Subdivision detention ponds. The mitigation pond provides conveyance to Mustang Bayou through the form of a 24-inch RCP storm sewer.

Olympia Falls Outfall Channel: Serves as the drainage channel from the Olympia Falls Detention Pond southward to the existing detention ponds in the Windfield Lakes Subdivision. The Windfield Lakes ponds then outfall to the Long Point Creek. The Olympia Falls Outfall Channel drains south and consists of roughly 680 linear feet of grass lined channel north of Lake Olympia Parkway. The channel then crosses underneath Lake Olympia Parkway through a 7' x 5' reinforced concrete box (RCB) culvert and continues draining south to the Windfield Lakes Pond through roughly 1,900 linear feet of concrete lined section.

The Fort Bend County Drainage District encourages the use of storm water quality best management practices (BMPs) and in conjunction with the Fort Bend County Stormwater Quality Coalition has implemented a Stormwater Management Program as required by TPDES General Permit No. TXR040000.

100-Year Flood Plain

None of the land presently developed in the Defined Area (Olympia Falls, Sections 1 – 6) is located within the 100-Year Flood Plain.

The Defined Area is located on the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) panels 48157C0295L and 48157C0315L dated April 2, 2014. All of the acreage within FBCMUD 168 Defined Area A has been officially removed from the floodplain with the approval of the Letter of Map Revision (LOMR) issued by the Federal Emergency Management Agency (FEMA) on August 9, 2024.

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

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property solely in the Defined Area. The information included in the table below relating to the District's General Fund for the fiscal years ended March 31, 2024, March 31, 2025, and March 31, 2026.

	Fiscal Year Ended March 31 (a)		
	2026	**2025**	**2024**
REVENUES			
Property taxes	$738,083	$603,177	$435,301
Penalty	$0	$0	$1,731
Interest on deposits	$42,270	$21,077	$1,100
TOTAL REVENUES	**$780,353**	**$624,254**	**$438,132**
EXPENDITURES			
Service operations:			
Professional fees	$56,199	$41,248	$31,812
Contracted services	$20,854	$19,109	$20,642
Repairs and maintenance	$20,927	$5,295	$7,807
Administrative expenditures	$16,252	$7,556	$9,438
Capital outlay	$0	$0	$0
TOTAL EXPENDITURES (b)	**$114,232**	**$73,208**	**$69,699**
EXCESS REVENUES (EXPENDITURES)	**$666,121**	**$551,046**	**$368,433**

(a) Data is taken from District's audited financial statements. See "APPENDIX A."

(b) As of September 9, 2026 , the District had an unaudited cash and investment balance in the General Fund of $1,653,146. For the Fiscal Year ending March 31, 2027, the General Fund is currently budgeting revenues of $718,185,000 and expenditures of $117,510.

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DEFINED AREA'S DEBT
(Unaudited)

4/1/2026 Estimated Taxable Value	$118,794,634	(a)
2026 Certified Taxable Value	$105,840,973	(b)
Direct Debt		
Outstanding Bonds (as of August 1, 2026)	$7,920,000	
The Bonds	$5,000,000	
Total Direct Debt	$12,920,000	
Estimated Overlapping Debt	$4,939,201	
Direct and Estimated Overlapping Debt	$17,859,021	
Percentage of Direct Debt to:		
4/1/2026 Estimated Taxable Value	10.88%	
2026 Certified Taxable Value	12.21%	
Percentage of Direct and Estimated Overlapping Debt to:		
4/1/2026 Estimated Taxable Value	15.03%	
2026 Certified Taxable Value	16.87%	
2026 Tax Rate Per $100 of Assessed Value		
WSD Debt Service	$0.30	
Road Debt Service	$0.25	
Maintenance Tax	$0.95	
Total 2026 Tax Rate	$1.50	

(a) The Estimated Taxable Value as of 4/1/2026 was prepared by FBCAD and provided to the District. Such values are not binding on FBCAD, and the new values (subsequent to January 1, 2027) will not be included on the District's tax roll until the 2027 tax roll is prepared and certified by FBCAD during the second half of 2027. See "DEFINED AREA'S TAX DATA" and "TAX PROCEDURES."

(b) Reflects the January 1, 2026 Certified Taxable Values as provided to the District by FBCAD and the District's Tax Assessor/Collector. See "TAX PROCEDURES."

Estimated Overlapping Debt

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

		Overlapping Debt	
Taxing Jurisdiction	**Outstanding Debt**	**Percent**	**Amount**
Fort Bend County MUD No. 168	$0	72.25%	$0
Fort Bend ISD	$2,073,125,000	0.20%	$4,132,246
Fort Bend County	$997,120,706	0.08%	$790,343
Fort Bend County Drainage	$20,585,000	0.08%	$16,433
Total Estimated Overlapping Debt			**$4,939,021**
The Defined Area's Direct Debt (a)			$12,920,000
Total Direct and Estimated Overlapping Debt			**$17,859,021**

(a) Includes the Bonds.

DEFINED AREA'S TAX DATA

Defined Area's Tax Collections

The following table sets forth the historical tax information collection experience of the District for the years 2022 through 2026. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

Year	Taxable Valuation	Tax Rate (a)	Tax Levy	Cumulative Tax Collections (b)	Year Ended March 31
2026	$105,840,973	$1.50	$1,587,615	0.00% (c)	2027
2025	$77,400,505	$1.50	$1,159,742	98.52%	2026
2024	$46,701,540	$1.50	$700,523	99.99%	2025
2023	$26,024,017	$1.50	$390,360	100.00%	2024
2022	$5,397,350	$1.50	$80,960	97.55%	2023

(a) See "Tax Rate Distribution" herein.

(b) Represents cumulative collections as of September 9, 2026.

(c) The 2026 tax levy is in the process of collection. See "TAXING PROCEDURES."

Defined Area Maintenance Tax

The Defined Area has the statutory authority to levy and collect an annual ad valorem tax for operation and maintenance of the District's improvements. Such maintenance tax was authorized by the Defined Area's voters at an election held in the Defined Area. The District is authorized to levy a maximum maintenance tax rate of $1.50 in the Defined Area. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Defined Area's Bonds, the Defined Area's Outstanding Bonds, and any tax bonds which may be issued in the future by the Defined Area. The District levied a total tax rate of $1.50 in 2026 for the Defined Area, comprised of $0.95 per $100 of assessed valuation for operation and maintenance purposes and $0.55 per $100 of assessed valuation for debt service on the Outstanding Bonds. As of September 9, 2026, such taxes were 0% collected and are in the process of collection. Such taxes become delinquent if not paid before February 1, 2027. It is currently anticipated that the Defined Area's maintenance tax and debt service tax rates will total $1.50 for the foreseeable future. See "Tax Rate Distribution" herein.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the Defined Area for the years 2022 through 2026.

	2026	2025	2024	2023	2022
WSD Debt Service	$0.30	$0.31	$0.00	$0.00	$0.00
Road Debt Service	$0.25	$0.24	$0.00	$0.00	$0.00
Maintenance/Operations	$0.95	$0.95	$1.50	$1.50	$1.50
Total	**$1.50**	**$1.50**	**$1.50**	**$1.50**	**$1.50**

Principal Taxpayers

The following table, which sets forth the Defined Area's principal taxpayers, was provided by the District's Tax Assessor/Collector based upon the 2026 certified tax roll (which reflects ownership as of January 1, 2026) of the Fort Bend Central Appraisal District.

Principal Taxpayers (a)	Type of Property	2026 A.V.	% of Total
KB Home Lone Star Inc.	Land, Improvements, Personal Property	$6,259,594	5.91%
Alpha Olympia LLC	Land, Improvements, Personal Property	$2,575,685	2.43%
1306 Glendora Drive LLC	Land, Improvements	$1,035,448	0.98%
Homeowner	Land, Improvements	$645,365	0.61%
Homeowner	Land, Improvements	$624,340	0.59%
Quadvest LP	Land, Improvements	$503,875	0.48%
Homeowner	Land, Improvements	$451,127	0.43%
Homeowner	Land, Improvements	$421,440	0.40%
Homeowner	Land, Improvements	$419,950	0.40%
Homeowner	Land, Improvements	$414,962	0.39%
TOTAL		**$13,351,786**	**12.61%**

(a) Reflects information obtained by the District's Tax Assessor/Collector from the FBCAD's records. The District makes no representation as to the accuracy of such information.

(b) See "THE DEVELOPER" and "RISK FACTORS – Dependence on Principal Taxpayers and the Developer."

Analysis of Tax Base

Based on information provided to the District by FBCAD and its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the deferments for 2022 through 2026.

	Type of Property						
Year	Land	Improvements	Personal Property	Gross Valuation	Exemptions	Taxable Valuation	
2026	$32,148,169	$77,528,738	$411,027	$110,087,934	$4,246,961	$105,840,973	(a)
2025	$22,633,613	$56,294,554	$819,536	$79,747,703	$2,347,198	$77,400,505	
2024	$17,166,943	$30,669,244	$154,338	$47,990,525	$1,288,985	$46,701,540	
2023	$10,779,058	$15,828,937	$98,278	$26,706,273	$682,256	$26,024,017	
2022	$5,281,590	$115,990	$0	$5,397,580	$230	$5,397,350	

(a) Reflects the January 1, 2026, Certified Taxable Value according to data supplied to the District by FBCAD. See "TAX PROCEDURES."

Estimated Overlapping Taxes

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions on property within the District. No recognition is given to local assessments for civic association dues, fire department contributions, or any other levy by entities other than political subdivisions.

Taxing Entities	2025 Tax Rates (a)
The District	$0.000000
Fort Bend ISD	$1.056900
Fort Bend County	$0.412000
Fort Bend County Drainage District	$0.010000
Overlapping Taxes	**$1.478900**
The Defined Area	$1.500000
Total Direct & Overlapping Taxes	**$2.978900**

(a) Represents 2025 tax rates. The 2026 tax rates for certain overlapping taxing jurisdictions have not yet been adopted.

Tax Adequacy for the Defined Area's Debt Service

The calculations shown below assume, solely for the purpose of illustration, no net revenues, and no increase in the Taxable Value as provided by FBCAD. In each case a tax rate is used which is adequate to service the Defined Area's maximum annual debt service requirements following issuance of the Bonds. The available balances in the Defined Area's debt service fund are not reflected in these computations.

Maximum Annual Debt Service Requirements (2052) $903,550

$0.81 Tax Rate on 4/1/2026 Estimated Taxable Valuation of $118,794,634
@ 95% collections..... ……..$914,125

$0.90 Tax Rate on 2026 Certified Taxable Valuation of $105,840,973
@ 95% collections..... ……..$904,940

TAX PROCEDURES

Tax Code and County-Wide Appraisal District

Title 1 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 here. 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 in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. FBCAD has the responsibility for appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income and mobile homes. The District assesses and collects taxes on personal property rendered for taxation, business inventories, and the property of privately-owned utilities. 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; farm products owned by the producer; all oil, gas, and mineral interests owned by an institution of higher education; certain property owned by charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually-owned automobiles. Beginning with the 2026 tax year, all intangible personal property is exempt from State taxation.

The District, either by action of its Board or through a process of petition and referendum initiated by its residents, may grant exemptions for residential homesteads of persons 65 years of age or older and of certain disabled persons, to the extent deemed advisable by the Board. Qualifying surviving spouses of persons 65 years of age and older will be entitled to receive a residential homestead exemption equal to that received by deceased spouses. The District is authorized to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse, 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.

Freeport goods are goods, wares, merchandise, other tangible personal property, and ores, other than oil, natural gas, and other petroleum products, that have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing, or fabricating, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within 175 days. Freeport goods are exempted from taxation by the District. Effective January 1, 2008, a "Goods-in-Transit Exemption" may apply to certain tangible personal property that is acquired in or imported into Texas for assembling, storing, manufacturing or fabrication purposes which is destined to be forwarded to another location in Texas not later than 175 days after acquisition or importation, so long as the location where said goods are detained is not directly or indirectly owned by the owner of the goods. A taxpayer may not claim both a Freeport Goods Exemption and a Goods-in-Transit Exemption on the same property.

Agricultural, Open Space, or Timber Land Use

The Tax Code permits land designated for agricultural or timber land use to be appraised at its value based upon the land's capacity to produce agricultural products or, with respect to timber land, the value based upon accepted income capitalization methods. The Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of an agricultural, timber land or residential real property appraisal must apply for such appraisal, and the Appraisal District is required to act on each claimant's application individually. If a claimant receives an agricultural or timber land appraisal on land and later changes the land use or sells the land to an unqualified owner, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the three years preceding the year in which the change of use occurs that the land was appraised as agricultural or timber land and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of 7% calculated from the dates on which the differences would have become due. Provisions of the Tax Code are complex and are not fully summarized here. During 2026, approximately 0 acres within the District were classified as agricultural ranch land and were subject to an agricultural appraisal based upon the productivity of the land. No acres in the Defined Area were classified as agricultural ranch land.

Residential Homestead Exemption

Pursuant to the Texas Constitution the governing body of each political subdivision in the State may exempt up to 20% of the market value of residential homesteads from ad valorem taxes. However, 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 obligation of the contract by which the debt was created. The District has never granted a residential homestead exemption.

Notice of Hearing Procedures

The Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers if the District proposes to increase taxes, and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals which 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 Defined Area, based upon a) the valuation of property within the Defined Area as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the Defined Area and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the Defined Area and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the 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) 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.

Collection of Delinquent Taxes

Taxes levied by the District are a personal obligation of the owner of the taxed property as of January 1 of the year in which the taxes are imposed. On January 1 of each year, a tax lien attaches to property to secure payment of all state and local 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 tax liens of all other such taxing units. A tax lien on real property has priority over the claim of most creditors and other holders of liens on the property encumbered by the tax, whether or not the debt or lien existed before the attachment of the tax lien. Further, as a general rule, the District's tax lien and a federal tax lien are on par with ultimate priority being determined by applicable federal law. Under certain circumstances, personal property 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. The ability of the District to collect delinquent taxes by judicial foreclosure may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions affecting the market value of the property at the time of any tax foreclosure sale, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Further, the District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 United States Code Section 1825, as amended.

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer 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 Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area, and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Temporary Tax Exemption for Property Damaged by Disaster

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

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 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 is made by the Board of Directors on an annual basis. The Board of Directors designated the District as a Developing District for purposes of setting the 2026 tax rate. 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 for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "DEFINED AREA'S TAX DATA – Estimated Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien whether or not the debt or lien existed before the attachment of the tax lien; 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 applicable 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, subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, 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 (a taxpayer may redeem property within six months for commercial property, within two years for residence homesteads and land designated for agricultural use, and six months for all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records), or by bankruptcy proceedings that restrict the collection of taxpayer debts. See "RISK FACTORS – Tax Collections."

The Effect of FIRREA on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution. Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed. To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

ANNEXATION AND CONSOLIDATION

Under existing Texas law, since the District (including the land within the Defined Area) lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed by the City of Houston without the District's consent, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds) and abolish the District (including the property within the Defined Area) within 90 days of the date of annexation. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

The District has the right to consolidate with one or more other municipal utility districts and in connection therewith to consolidate its System with the water and sewer systems of the district or districts with which it is consolidating. No representations are made that the District will ever consolidate its System with other systems.

THE BONDS

General

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

The Bonds are dated November 1, 2026, and will mature on April 1 in the years and in the amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of (12 months and 30 days per month) and will be payable on April 1, 2027, and each October 1 and April 1 thereafter until maturity or prior redemption. The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the Defined Area.

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

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

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.

Paying Agent/Registrar

Pursuant to the Bond Order, the initial paying agent and initial registrar with respect to the Bonds is Zions Bancorporation, National Association, Houston, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, and for the purpose of maintaining the Bond Register on behalf of the District and the Defined Area. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

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

Optional Redemption

The Bonds maturing on or after April 1, 2032, are subject to redemption at the option of the District, prior to maturity, in whole or from time to time in part on April 1, 2031, or on any date thereafter, at a price of the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected on behalf of the District. If fewer than all of the Bonds of a maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity.

Mandatory Redemption

The Bonds maturing on April 1 in the year 2039 shall be subject to annual mandatory sinking fund redemption as shown in the tables below.

$290,000 Term Bonds, due April 1, 2039

Mandatory Redemption Date	Principal Amount
April 1, 2038	$140,000
April 1, 2039 (maturity)	$150,000

Notice of Redemption; Partial Redemption

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

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

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

Sources of and Security for Payment

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax levied, without legal limitation as to rate or amount, against taxable property located within the Defined Area. In the Bond Order the District covenants to levy a tax sufficient in rate and amount to pay principal of and interest on the Bonds when due, full allowance being made for delinquencies and costs of collection, and the District undertakes to collect such tax. The net proceeds from taxes levied for debt service purposes will be deposited in the Defined Area's Debt Service Fund and will be used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which the District may hereafter issue.

Defeasance

The District's pledge of taxes and all other covenants in the Bond Order, except the covenant to pay principal of and interest on the Bonds to maturity or redemption, will terminate when payment of such principal and interest has been provided for by depositing with the Paying Agent/Registrar money or direct obligations of the United States of America maturing on such dates and in such amounts as will be sufficient, without further investment, to make such payment of principal of and interest on the Bonds.

Funds

The Bond Order confirms the previous establishment of the Defined Area's Debt Service Fund created and established pursuant to the orders authorizing the issuance of the Outstanding Bonds. The Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds and any of the Defined Area's duly authorized additional bonds. Amounts on deposit in the Defined Area's Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar and to pay the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

Authority for Issuance and Issuance of Additional Defined Area Debt

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

Amount	Purpose
$70,700,000	For certain water, sanitary sewer, and storm water facilities
$53,025,000	For certain water, sanitary sewer, and storm water facilities refunding bonds
$26,900,000	For certain road facilities
$20,175,000	For certain road facilities refunding bonds
$17,800,000	For certain parks and recreational facilities
$13,350,000	For certain parks and recreational facilities refunding bonds

After the issuance of the Bonds, the District will have $62,100,000 of unlimited tax bonds for water, sewer, and drainage facilities that remain authorized but unissued, $53,025,000 principal amount of unlimited tax refunding bonds for the water, sewer, and drainage facilities (all of which remain authorized but unissued), $22,480,000 of unlimited tax road facilities bonds that remain authorized but unissued, $20,175,000 principal amount of unlimited tax refunding bonds for road facilities (all of which remain authorized but unissued), $17,800,000 of unlimited tax parks and recreational facilities bonds, and $13,350,000 principal amount of unlimited tax refunding bonds for park and recreational facilities (all of which remain authorized but unissued) to be secured by ad valorem taxes to be levied against property within the Defined Area that remain authorized but unissued.

The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Registration, Transfer, and Exchange

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only at the designated principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of the Bonds accompanied by a duly executed assignment. The Bonds will be exchangeable for an equal principal amount of Bonds of the same type, maturity, and interest rate, in any authorized denomination. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Neither the District nor the Paying Agent/Registrar is required to (i) issue, transfer or exchange any Bond during the period beginning at the opening of business 15 calendar days before the date of the first mailing of any notice of redemption of Bonds and ending at the close of business on the date of such mailing or (ii) thereafter to transfer or exchange any Bonds selected for redemption when such redemption is scheduled within 30 calendar days.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for 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 in the Bond Order 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.

Replacement of Mutilated, Lost or Stolen 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, upon 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.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

> "(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

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

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

LEGAL MATTERS

Legal Opinion

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

In addition to serving as Bond Counsel, Coats Rose, P.C., also acts as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge and belief of the certifying officers, threatened against the District contesting or attacking the Bonds; restraining or enjoining the 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 of proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the titles of the then present officers of the Board.

No Material Adverse Change

The obligations of the Underwriter 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, or the Defined Area, subsequent to the date of sale from that set forth or contemplated in the Official Statement, as it may have been supplemented or amended through the date of sale.

TAX MATTERS

Tax Exemption

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

In rendering its opinion, Bond Counsel to the District will rely upon: (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith.

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

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

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

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 designated by the District as “qualified tax-exempt obligations” and 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 2026 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 2026.

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount

allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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

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

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

OFFICIAL STATEMENT

Sources of Information

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

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

Consultants

Financial Advisor: The Official Statement was compiled and edited under the supervision of The GMS Group, L.L.C., (the "Financial Advisor"). The fees to be paid to the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold, and delivered. Therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

Engineer: The information contained in this Official Statement relating to engineering matters generally, are the description of the System, and, in particular, that information included in the sections entitled "USE OF BOND PROCEEDS," "THE DISTRICT," and "THE SYSTEM" has been provided by the District's Engineer.

Tax Assessor Collector: The information contained in this Official Statement relating to the assessed valuation of property and, in particular, such information contained in the section captioned "DEFINED AREA'S TAX DATA," has been provided by the Fort Bend Central Appraisal District and by Utility Tax Service, LLC, Tax Assessor/Collector, in reliance upon their authority as experts in the field of tax appraisal and tax assessing and collecting, respectively.

Auditors: The financial statements of the District as of March 31, 2026, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Underwriter and ending on the 91st day after the "end of the underwriting period" {as defined in SEC Rule 15c(2)-12(e)(2)}, if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the Official Statement is delivered to a prospective purchaser, not misleading, the District will promptly notify the Underwriter of the occurrence of such event and will cooperate in the preparation of a revised Official Statement,

or amendments or supplements thereto, so that the statements in the Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, 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 relative to the Defined Area, and timely notice of specified material events, to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026. The District will provide certain updated information to the MSRB or any successor to its functions as a repository through its EMMA system.

The District has not been required (and does not reasonably expect) to make any further filings of financial information concerning the Developer as the Developer owns less than 20% of the taxable property within the Defined Area as reflected by the 2026 Certified Assessed Valuation provided by the Appraisal District.

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

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

Event Notices

The District will provide timely notices of certain events to the 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 status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of Rule15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule15c2-12or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule15c2-12, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties. The term "financial obligation," when used in this paragraph, shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing updated information only to the MSRB. Investors will be able to access, without charge from the MSRB, 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 material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District 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 SEC Rule 15c2-12, 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 Underwriter 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 bond issue in 2024, the District has complied in all material respects with its past continuing disclosure agreement made in accordance with SEC Rule 15c2-12 for matters related to the Defined Area.

Continuing Availability of Financial Information

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

The District’s financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas 77046.

Updating of Official Statement

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

CERTIFICATION OF OFFICIAL STATEMENT

The District, acting by and through its Board of Directors 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 the Defined Area relating to the affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading. The information, descriptions and statements concerning entities other than the District, or the Defined Area, including particularly other governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation of such matters and makes no representation as to the accuracy or completeness thereof.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 168 as of the date shown on the cover page.

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE YEAR ENDED MARCH 31, 2026

FORT BEND COUNTY MUNICIPAL

UTILITY DISTRICT NO. 168

FORT BEND COUNTY, TEXAS

ANNUAL AUDIT REPORT

MARCH 31, 2026

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	10
NOTES TO THE FINANCIAL STATEMENTS	11-20
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	21
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	22
SCHEDULE OF SERVICES AND RATES	23
EXPENDITURES FOR THE YEAR ENDED MARCH 31, 2026	24
ANALYSIS OF CHANGES IN DEPOSITS, ALL GOVERNMENTAL FUND TYPES	25
TAXES LEVIED AND RECEIVABLE	26-27
LONG-TERM BONDED DEBT SERVICE REQUIREMENTS, BY YEARS	28-30
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	31
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	32
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	33
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	34-35

Mark C. Eyring, CPA, PLLC

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August 12, 2026

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Fort Bend County Municipal
Utility District No. 168
Fort Bend County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Fort Bend County Municipal Utility District No. 168 as of and for the year ended March 31, 2026, and the related notes to the financial statements, which collectively comprise Fort Bend County Municipal Utility District No. 168's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Fort Bend County Municipal Utility District No. 168, as of March 31, 2026, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Fort Bend County Municipal Utility District No. 168, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Fort Bend County Municipal Utility District No. 168'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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 Fort Bend County Municipal Utility District No. 168's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Fort Bend County Municipal Utility District No. 168's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Fort Bend County Municipal Utility District No. 168's basic financial statements. The supplementary information on Pages 22 to 35 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Fort Bend County Municipal Utility District No. 168 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended March 31, 2026.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

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

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

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

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

Fund Financial Statements

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

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

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

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	2026	2025	Change
Current and other assets	$ 2,388,129	$ 1,374,855	$ 1,013,274
Capital assets	13,721,942	15,586,315	(1,864,373)
Total assets	16,110,071	16,961,170	(851,099)
Long-term liabilities	21,421,366	19,067,592	2,353,774
Other liabilities	326,218	198,073	128,145
Total liabilities	21,747,584	19,265,665	2,481,919
Net position:			
Invested in capital assets, net of related debt	(7,597,186)	(3,322,340)	(4,274,846)
Restricted	338,750	59,655	279,095
Unrestricted	1,620,923	958,190	662,733
Total net position	$ (5,637,513)	$ (2,304,495)	$ (3,333,018)

Summary of Changes in Net Position

	2026	2025	Change
Revenues:			
Property taxes, including related penalty and interest	$ 1,183,312	$ 701,321	$ 481,991
Other revenues	60,472	32,195	28,277
Total revenues	1,243,784	733,516	510,268
Expenses:			
Service operations	3,898,151	2,820,162	1,077,989
Debt service	678,651	445,237	233,414
Total expenses	4,576,802	3,265,399	1,311,403
Change in net position	(3,333,018)	(2,531,883)	(801,135)
Net position, beginning of year	(2,304,495)	227,388	(2,531,883)
Net position, end of year	$ (5,637,513)	$ (2,304,495)	$ (3,333,018)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended March 31, 2026, were $2,302,327, an increase of $1,041,534 from the prior year.

The General Fund balance increased by $703,121, as revenues and developer advances exceeded expenditures.

The Debt Service Fund balance increased by $294,080, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by $44,333, as Series 2025 bond proceeds and interest on deposits exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 21 of this report. The budgetary fund balance as of March 31, 2026 was expected to be $1,477,400 and the actual end of year fund balance was $1,699,481.

Capital Asset and Debt Administration

Capital Assets

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

	Capital Assets (Net of Accumulated Depreciation)		
	2026	2025	Change
Construction in progress	$ 13,721,942	$ 15,586,315	$ (1,864,373)

Changes to capital assets during the fiscal year ended March 31, 2026, are summarized as follows:

Additions:	
Utilities and roads constructed by developers	$ 1,505,594
Decreases:	
Assets transferred to other entities	(3,369,967)
Net change to capital assets	$ (1,864,373)

Debt

Changes in the bonded debt position of the District during the fiscal year ended March 31, 2026, are summarized as follows:

Bonds payable, beginning of year	$ 3,550,000
Bonds sold	4,420,000
Bonds paid	(50,000)
Bonds payable, end of year	$ 7,920,000

At March 31, 2026, the District's Defined Area A had $67,100,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving a water, sanitary sewer and drainage system, $22,480,000 authorized but unissued for road purposes and $17,800,000 authorized but unissued for parks and recreational facilities.

At March 31, 2026, the District's Defined Area B had $311,900,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving a water, sanitary sewer and drainage system, $62,550,000 authorized but unissued for road purposes and $98,300,000 authorized but unissued for parks and recreational facilities.

As further described in Note 5 of the notes to the financial statements, the developers within the District have advanced funds to the District to cover initial operating deficits. As of March 31, 2026, the cumulative amount of developer advances for this purpose was $116,342.

As further described in Note 5 of the notes to the financial statements, the developers within the District are constructing water, sewer and drainage facilities and road improvements on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Texas Commission on Environmental Quality as applicable. At March 31, 2026, the estimated amount due to the developer was $13,721,942.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately $20,770,000 for the 2025 tax year (approximately 66%) due to the addition of new property and improvements within the District.

The District's tax base is concentrated in a small number of taxpayers. The District's developers owns a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5 of the Notes to the Financial Statements.

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston, if approved by the voters within the District. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were to annexed for full or limited purposes by the City. The terms of any such agreement would be determined by the City and the District, and could provide for the conversion of a limited purpose annexation to a general purpose annexation, or the payment of a fee by the District based on the costs of providing municipal services to the District. The agreement could also provide for the collection of the City's sales and use taxes within the District. Although the City has negotiated and entered into such an agreement with several other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District, although no representation can be made regarding the future likelihood of an agreement or the terms thereof.

Water Supply Issues

The District lies entirely within the area for which the Certificate of Convenience and Necessity ("CCN") for retail water and wastewater treatment services has been issued to Quadvest, L.P. ("Quadvest"). As such, Quadvest provides retail water and wastewater treatment services within the District in accordance with Quadvest's rate order.

Defined Areas

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water Code, as amended, and Chapter 8030, Texas Special District Local Laws Code, the District is authorized to define areas or designate certain property of the District to pay for improvements, facilities, or services that primarily benefit that area. On July 12, 2021, District approved the creation of two defined areas within the District ("Defined Area A" and "Defined Area B"). The District held a bond election and maintenance and operation tax election within Defined Area A on November 2, 2021 and held a bond election and maintenance and operation tax election within Defined Area B on May 6, 2023.

All property within Defined Area A and/or Defined Area B is also within the District and is subject to the District tax rate. Upon the authorization of the voters in the Defined Area, the Defined Area may also be subject to a Defined Area tax rate. The District may also issue additional bonds in the Defined Area, subject to the authorization of the voters in the Defined Area and the approval of the TCEQ.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

MARCH 31, 2026

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	$1,706,242	$ 488,521	$ 131,147	$ 2,325,910	$	$ 2,325,910
Receivables:						
Property taxes	37,784	20,695		58,479		58,479
Accrued penalty and interest on property taxes				0	3,740	3,740
Maintenance taxes collected not yet transferred from other fund	14,822			14,822	(14,822)	0
Due from other fund	2,000			2,000	(2,000)	0
Capital assets, Note 4:				0	13,721,942	13,721,942
Total assets	$1,760,848	$ 509,216	$ 131,147	$ 2,401,211	13,708,860	16,110,071
LIABILITIES						
Accounts payable	$ 23,583	$	$	$ 23,583		23,583
Accrued interest payable				0	191,141	191,141
Maintenance taxes collected not yet transferred to other fund		14,822		14,822	(14,822)	0
Due to other fund			2,000	2,000	(2,000)	0
Long-term liabilities, Note 5:						
Due within one year				0	111,494	111,494
Due in more than one year				0	21,421,366	21,421,366
Total liabilities	23,583	14,822	2,000	40,405	21,707,179	21,747,584
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	37,784	20,695	0	58,479	(58,479)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Restricted for bond interest, Note 5		97,390		97,390	(97,390)	0
Assigned to:						
Debt service		376,309		376,309	(376,309)	0
Capital projects			129,147	129,147	(129,147)	0
Unassigned	1,699,481			1,699,481	(1,699,481)	0
Total fund balances	1,699,481	473,699	129,147	2,302,327	(2,302,327)	0
Total liabilities, deferred inflows, and fund balances	$1,760,848	$ 509,216	$ 131,147	$ 2,401,211		
Net position:						
Invested in capital assets, net of related debt, Note 4					(7,597,186)	(7,597,186)
Restricted for debt service					209,603	209,603
Restricted for capital projects					129,147	129,147
Unrestricted					1,620,923	1,620,923
Total net position					$ (5,637,513)	$ (5,637,513)

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	$ 738,083	$ 409,135	$	$ 1,147,218	$ 13,128	$ 1,160,346
Penalty and interest		12,791		12,791	10,175	22,966
Accrued interest on bonds received at date of sale		17,070		17,070	(17,070)	0
Interest on deposits	42,270	12,771	5,431	60,472		60,472
Total revenues	780,353	451,767	5,431	1,237,551	6,233	1,243,784
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	56,199	3,672		59,871		59,871
Contracted services	20,854	20,077		40,931		40,931
Repairs and maintenance	20,927			20,927		20,927
Administrative expenditures	16,252	6,071		22,323		22,323
Capital outlay / non-capital outlay			3,369,967	3,369,967		3,369,967
Debt service:						
Principal retirement		50,000		50,000	(50,000)	0
Bond issuance expenditures			262,454	262,454		262,454
Interest and fees		309,917	384,132	694,049	106,280	800,329
Total expenditures / expenses	114,232	389,737	4,016,553	4,520,522	56,280	4,576,802
Excess (deficiency) of revenues over expenditures	666,121	62,030	(4,011,122)	(3,282,971)	(50,047)	(3,333,018)
OTHER FINANCING SOURCES (USES)						
Bonds issued, Note 5		364,545	4,055,455	4,420,000	(4,420,000)	0
Bond issuance discount, Note 5		(132,495)		(132,495)	132,495	0
Developer advances, Note 5	37,000			37,000	(37,000)	0
Total other financing sources (uses)	37,000	232,050	4,055,455	4,324,505	(4,324,505)	0
Net change in fund balances / net position	703,121	294,080	44,333	1,041,534	(4,374,552)	(3,333,018)
Beginning of year	996,360	179,619	84,814	1,260,793	(3,565,288)	(2,304,495)
End of year	$ 1,699,481	$ 473,699	$ 129,147	$ 2,302,327	$ (7,939,840)	$ (5,637,513)

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2026

NOTE 1: REPORTING ENTITY

Fort Bend County Municipal Utility District No. 168 (the "District") was created by an order of the Texas Commission on Environmental Quality effective July 20, 2005, and Chapter 8030, Texas Special District Local Laws Code, as amended under the authority of Sections 52, Article III, and Section 59, Article XVI, of the Texas Constitution and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on October 23, 2019. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

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. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. In addition, the District is authorized to construct, acquire, improve, maintain or operate roads located within its boundaries.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position are reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred revenues. Property taxes collected after the end of the fiscal year are not included in revenues.

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		$ 2,302,327
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		13,721,942
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	$ (7,920,000)	
Deferred charge on refunding (to be amortized as interest expense)	225,424	
Due to developers for operating advances	(116,342)	
Due to developers for construction	(13,721,942)	(21,532,860)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	3,740	
Uncollected property taxes	58,479	62,219
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		(191,141)
Net position, end of year		$ (5,637,513)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		$ 1,041,534
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Bonds issued	$ (4,420,000)	
Principal reduction	50,000	(4,370,000)
The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Issuance discounts		121,442
The receipt of developer advances provides current financial resources to the funds, while the repayment of such advances consume the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Developer advances		(37,000)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Accrued penalty and interest on property taxes receivable	10,175	
Uncollected property taxes	13,128	23,303
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Accrued interest		(112,297)
Change in net position		$ (3,333,018)

NOTE 4: CAPITAL ASSETS

At March 31, 2026, “Invested in capital assets, net of related debt” was $(7,597,186). The District lies partially within the area for which the Certificate of Convenience and Necessity (“CCN”) for retail water and wastewater treatment services has been issued to Quadvest. As such, the District obtains water and wastewater treatment services from Quadvest. In consideration of the District's acquiring and constructing such systems on behalf of Quadvest, Quadvest will own, operate and maintain such systems. The District shall be the owner of each phase of the systems until such phase is completed and approved by Quadvest, at which time ownership of such phase shall be transferred to Quadvest. However, the District shall have a security interest therein until all bonds issued by the District pursuant to the respective agreement are retired.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended March 31, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	$ 15,586,315	$ 1,505,594	$ 3,369,967	$ 13,721,942
Total capital assets not being depreciated	15,586,315	1,505,594	3,369,967	13,721,942
Total capital assets, net	$ 15,586,315	$ 1,505,594	$ 3,369,967	$ 13,721,942
Changes to capital assets:				
Increase in liability to developer for construction		$ 1,505,594	$	
Capital outlay paid (decrease in liability)		(3,369,967)		
Assets transferred to other entities		3,369,967	3,369,967	
Net increases / decreases to capital assets		$ 1,505,594	$ 3,369,967	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended March 31, 2026 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable, Defined Area A	$ 3,550,000	$ 4,420,000	$ 50,000	$ 7,920,000	$ 125,000
Add (less) deferred amounts:					
For issuance (discounts) premiums	(103,982)	(132,495)	(11,053)	(225,424)	(13,506)
Total bonds payable	3,446,018	4,287,505	38,947	7,694,576	111,494
Due to developer for operating advances (see below)	79,342	37,000		116,342	----------
Due to developer for construction (see below)	15,586,315	1,505,594	3,369,967	13,721,942	----------
Total due to developers	15,665,657	1,542,594	3,369,967	13,838,284	0
Total long-term liabilities	$ 19,111,675	$ 5,830,099	$ 3,408,914	$ 21,532,860	$ 111,494

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Defined Area A

The District will pay the amount due April 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in the future. As of March 31, 2026, the debt service requirements on the Defined Area A bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 125,000	$ 382,281	$ 507,281
2028	155,000	374,127	529,127
2029	160,000	364,125	524,125
2030	165,000	353,782	518,782
2031	170,000	344,593	514,593
2032 - 2036	1,005,000	1,579,681	2,584,681
2037 - 2041	1,295,000	1,334,531	2,629,531
2042 - 2046	1,655,000	1,005,351	2,660,351
2047 - 2051	2,165,000	565,124	2,730,124
2052 - 2053	1,025,000	73,875	1,098,875
	$ 7,920,000	$ 6,377,470	$ 14,297,470

The Defined Area A bond issues payable at March 31, 2026, were as follows:

	Series 2024	Series 2025
Amounts outstanding, March 31, 2026	$3,500,000	$4,420,000
Interest rates	4.00% to 6.00%	4.375% to 6.875%
Maturity dates, serially beginning/ending	April 1, 2027/2053	April 1, 2027/2053
Interest payment dates	October 1/April 1	October 1/April 1
Callable dates	April 1, 2029*	April 1, 2030*

*Or any date thereafter, callable at par plus unpaid accrued interest, in whole or in part, at the option of the District.

In accordance with the Defined Area A Series 2024 and 2025 Bond Orders, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Bond interest reserve, beginning of year, Series 2024:		$ 123,678
Sale of bonds, Series 2025:		
12 months' interest from sale of bonds	$ 232,050	
Accrued interest received at date of sale	17,070	249,120
Deduct appropriation for bond interest paid:		
Series 2024	(123,678)	
Series 2025	(151,730)	(275,408)
Bond interest reserve, end of year, Series 2025:		$ 97,390

Defined Area B

The Defined Area B has not issued bonds at March 31, 2026.

	Defined Area A	Defined Area B	Total
Water, sewer and drainage bonds voted	$ 70,700,000	$ 311,900,000	$ 382,600,000
Water, sewer and drainage bonds approved for sale and sold	3,600,000	0	3,600,000
Water, sewer and drainage bonds voted and not issued	67,100,000	311,900,000	379,000,000
Road bonds voted	$ 26,900,000	$ 62,550,000	$ 89,450,000
Road bonds approved for sale and sold	4,420,000	0	4,420,000
Road bonds voted and not issued	22,480,000	62,550,000	85,030,000
Parks and recreational bonds voted	$ 17,800,000	$ 98,300,000	$ 116,100,000
Parks and recreational bonds approved for sale and sold	0	0	0
Parks and recreational bonds voted and not issued	17,800,000	98,300,000	116,100,000
Refunding bonds voted	$ 86,550,000	$ 472,750,000	$ 559,300,000
Refunding bonds approved for sale and sold	0	0	0
Refunding bonds voted and not issued	86,550,000	472,750,000	559,300,000

Developer Construction Commitments, Liabilities and Advances

The developers within the District are constructing certain facilities within the District's boundaries. The District has agreed to reimburse the developers for these construction and related engineering costs plus interest not to exceed the interest rate of the applicable District bond issue. These amounts are to be reimbursed from the proceeds of a future bond issue to the extent approved by the Texas Commission on Environmental Quality as applicable. The District's engineer stated that cost of the construction in progress at March 31, 2026, was $13,721,942. This amount has been recorded in the government-wide financial statements and in the schedules in Notes 4 and 5.

The developers within the District have advanced funds to the District to cover initial operating deficits. At March 31, 2026, the cumulative amount of unreimbursed developer advances was $116,342. These amounts have been recorded in the government-wide financial statements and in the schedules in Note 5. This amount has been recorded as a decrease in “Unrestricted net position” in the government-wide financial statements. Without this decrease, “Unrestricted net position” would have a balance of $1,737,265.

NOTE 6: PROPERTY TAXES

The Fort Bend County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

Defined Area A

At an election held November 2, 2021, the voters within the District authorized a maintenance tax not to exceed $1.50 per $100 valuation on all property subject to taxation within Defined Area A. This maintenance tax is being used by the General Fund to pay expenditures of operating the District within Defined Area A. The voters also authorized a road maintenance tax not to exceed $1.20 per $100 valuation on all property subject to taxation within Defined Area A. This road maintenance tax is to be used for the operation and maintenance of a road system and related storm drainage system within Defined Area A. Thirdly, the voters authorized a park and recreational facilities maintenance tax not to exceed $0.10 per $100 valuation on all property subject to taxation within Defined Area A. This park and recreational facilities maintenance tax is to be used for the operation and maintenance of a parks and recreational facilities within Defined Area A.

On September 24, 2025, the District levied the following ad valorem taxes within Defined Area A for the 2025 tax year on the adjusted taxable valuation of $77,411,091:

	Rate	Amount
Debt service	$ 0.5500	$ 425,761
Maintenance	0.9500	735,405
	$ 1.5000	$ 1,161,166

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2025 tax year total property tax levy	$ 1,161,166
Appraisal district adjustments to prior year taxes	(820)
Statement of Activities property tax revenues	$ 1,160,346

Defined Area B

At an election held May 6, 2023, the voters within the District authorized a maintenance tax not to exceed $1.50 per $100 valuation on all property subject to taxation within Defined Area B. This maintenance tax is being used by the General Fund to pay expenditures of operating the District within Defined Area B. The voters also authorized a road maintenance tax not to exceed $1.20 per $100 valuation on all property subject to taxation within Defined Area B. This road maintenance tax is to be used for the operation and maintenance of a road system and related storm drainage system within Defined Area B. Thirdly, the voters authorized a park and recreational facilities maintenance tax not to exceed $0.10 per $100 valuation on all property subject to taxation within Defined Area B. This park and recreational facilities maintenance tax is to be used for the operation and maintenance of a parks and recreational facilities within Defined Area B.

The District did not levy ad valorem taxes for Defined Area B for the 2025 tax year.

Concentration of Tax Base

The District's tax base is concentrated in a small number of taxpayers. The District's developer owns a substantial portion of land within the District. If any one of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet the debt service obligations described in Note 5.

NOTE 7: DEPOSITS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the District's deposits were covered by federal insurance.

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund	
For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:	
Cash	$ 488,521
Capital Projects Fund	
For construction of capital assets:	
Cash	$ 131,147

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years. The District had comprehensive general liability coverage with a per occurrence limit of $1,000,000 and $3,000,000 general aggregate, consultant’s crime coverage of $10,000 and a tax assessor-collector bond of $10,000 at March 31, 2026.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2026

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Property taxes	$ 568,150	$ 568,150	$ 738,083	$ 169,933
Interest on deposits	15,100	15,100	42,270	27,170
TOTAL REVENUES	583,250	583,250	780,353	197,103
EXPENDITURES				
Service operations:				
Professional fees	116,550	116,550	56,199	(60,351)
Contracted services	18,800	18,800	20,854	2,054
Repairs and maintenance	10,000	10,000	20,927	10,927
Administrative expenditures	19,120	19,120	16,252	(2,868)
TOTAL EXPENDITURES	164,470	164,470	114,232	(50,238)
EXCESS REVENUES (EXPENDITURES)	418,780	418,780	666,121	247,341
OTHER FINANCING SOURCES (USES)				
Developer advances	62,260	62,260	37,000	(25,260)
TOTAL OTHER FINANCIAL SOURCES (USES)	62,260	62,260	37,000	(25,260)
EXCESS SOURCES (USES)	481,040	481,040	703,121	222,081
FUND BALANCE, BEGINNING OF YEAR	996,360	996,360	996,360	0
FUND BALANCE, END OF YEAR	$ 1,477,400	$ 1,477,400	$ 1,699,481	$ 222,081

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

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

MARCH 31, 2026

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

[X] TSI-1. Services and Rates

[X] TSI-2. General Fund Expenditures

[ ] TSI-3. Temporary Investments
Not Applicable. None at March 31, 2026.

[X] TSI-4. Taxes Levied and Receivable

[X] TSI-5. Long-Term Debt Service Requirements by Years

[X] TSI-6. Changes in Long-Term Bonded Debt

[X] TSI-7. Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Year

[X] TSI-8. Board Members, Key Personnel and Consultants

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

SCHEDULE OF SERVICES AND RATES

MARCH 31, 2026

1. Services Provided by the District during the Fiscal Year:

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

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

X Other All services are provided by Quadvest, L.P.

2. Retail Service Providers

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

      Contact Quadvest, L.P.

   b. Water and Wastewater Retail Connections:

      Contact Quadvest, L.P.

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

   Contact Quadvest, L.P.

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

   Does the District have Debt Service standby fees? Yes __ No X

   If yes, date of the most recent Commission Order: _____

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

   If yes, date of the most recent Commission Order: _____

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

EXPENDITURES

FOR THE YEAR ENDED MARCH 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CURRENT				
Professional fees:				
Auditing	$ 9,950	$	$	$ 9,950
Legal	34,044	3,672		37,716
Engineering	11,405			11,405
Financial advisor	800			800
	56,199	3,672	0	59,871
Contracted services:				
Bookkeeping	20,854			20,854
Tax assessor-collector		11,827		11,827
Central appraisal district		8,250		8,250
	20,854	20,077	0	40,931
Repairs and maintenance	20,927	0	0	20,927
Administrative expenditures:				
Director's fees	9,061			9,061
Office supplies and postage	1,398			1,398
Insurance	3,500	127		3,627
Other	2,293	5,944		8,237
	16,252	6,071	0	22,323
CAPITAL OUTLAY				
Authorized expenditures	0	0	3,369,967	3,369,967
DEBT SERVICE				
Principal retirement	0	50,000	0	50,000
Bond issuance expenditures	0	0	262,454	262,454
Interest and fees:				
Interest		309,417	384,132	693,549
Paying agent fees		500		500
		309,917	384,132	694,049
TOTAL EXPENDITURES	$ 114,232	$ 389,737	$ 4,016,553	$ 4,520,522

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

ANALYSIS OF CHANGES IN DEPOSITS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2026

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS				
Cash receipts from revenues excluding maintenance taxes	$ 42,270	$ 451,767	$ 5,431	$ 499,468
Maintenance tax receipts		738,083		738,083
Transfer of maintenance taxes	724,453			724,453
Developer advances	37,000			37,000
Proceeds from sale of bonds		232,050	4,055,455	4,287,505
TOTAL DEPOSITS	803,723	1,421,900	4,060,886	6,286,509
APPLICATIONS OF DEPOSITS				
Cash disbursements for:				
Current expenditures	111,065	29,820		140,885
Capital outlay			3,424,697	3,424,697
Debt service		359,917	644,587	1,004,504
Other fund	2,000			2,000
Transfer of maintenance taxes		724,453		724,453
TOTAL DEPOSITS APPLIED	113,065	1,114,190	4,069,284	5,296,539
INCREASE (DECREASE) IN DEPOSITS	690,658	307,710	(8,398)	989,970
DEPOSITS BALANCES, BEGINNING OF YEAR	1,015,584	180,811	139,545	1,335,940
DEPOSITS BALANCES, END OF YEAR	$ 1,706,242	$ 488,521	$ 131,147	$ 2,325,910

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED MARCH 31, 2026

	Maintenance Taxes	Debt Service Taxes
RECEIVABLE, BEGINNING OF YEAR	$ 41,172	$ 4,179
Additions and corrections to prior year taxes	(710)	(110)
Adjusted receivable, beginning of year	40,462	4,069
2025 ADJUSTED TAX ROLL	735,405	425,761
Total to be accounted for	775,867	429,830
Tax collections: Current tax year	(699,679)	(405,077)
Prior tax years	(38,404)	(4,058)
RECEIVABLE, END OF YEAR	$ 37,784	$ 20,695
RECEIVABLE BY TAX YEAR		
2022	$ 1,983	$
2024	75	11
2025	35,726	20,684
RECEIVABLE, END OF YEAR	$ 37,784	$ 20,695

See accompanying independent auditor’s report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED MARCH 31, 2026

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	2025	2024	2023	2022**
Land	$ 22,633,613	$ 17,166,943	$ 10,779,058	$ 5,281,590
Improvements	56,377,211	31,489,395	15,828,937	115,990
Personal property	809,536	154,338	98,278	0
Less exemptions	(2,409,269)	(2,070,711)	(682,256)	(230)
TOTAL PROPERTY VALUATIONS	$ 77,411,091	$ 46,739,965	$ 26,024,017	$ 5,397,350
Debt service tax rates	$ 0.55000	$ 0.20000	$ 0.00000	$ 0.00000
Maintenance tax rates*	0.95000	1.30000	1.50000	1.50000
TOTAL TAX RATES PER $100 VALUATION	$ 1.50000	$ 1.50000	$ 1.50000	$ 1.50000
TAX ROLLS	$ 1,161,166	$ 701,100	$ 390,360	$ 80,960
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	95.1 %	99.9 %	100.0 %	97.6 %

*Maximum tax rate approved by voters on November 2, 2021 (Defined Area A) : $1.50
Maximum tax rate approved by voters on May 6, 2023 (Defined Area B) : $1.50

**The District first levied taxes for tax year 2022.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

MARCH 31, 2026

The District will pay the amount due April 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in the future.

	Defined Area A Series 2024 Utility		
Due During Fiscal Years Ending March 31	Principal Due April 1	Interest Due October 1, April 1	Total
2027	$ 50,000	$ 154,687	$ 204,687
2028	75,000	151,688	226,688
2029	75,000	147,187	222,187
2030	75,000	142,688	217,688
2031	75,000	139,687	214,687
2032	75,000	136,688	211,688
2033	75,000	133,687	208,687
2034	100,000	130,688	230,688
2035	100,000	126,687	226,687
2036	100,000	122,688	222,688
2037	100,000	118,688	218,688
2038	100,000	114,688	214,688
2039	125,000	110,562	235,562
2040	125,000	105,406	230,406
2041	125,000	100,250	225,250
2042	125,000	94,938	219,938
2043	150,000	89,625	239,625
2044	150,000	83,250	233,250
2045	150,000	76,500	226,500
2046	150,000	69,750	219,750
2047	175,000	63,000	238,000
2048	175,000	55,124	230,124
2049	200,000	47,250	247,250
2050	200,000	38,250	238,250
2051	200,000	29,250	229,250
2052	225,000	20,250	245,250
2053	225,000	10,125	235,125
TOTALS	$ 3,500,000	$ 2,613,281	$ 6,113,281

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

MARCH 31, 2026

The District will pay the amount due April 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in the future.

	Defined Area A Series 2025 Road		
Due During Fiscal Years Ending March 31	Principal Due April 1	Interest Due October 1, April 1	Total
2027	$ 75,000	$ 227,594	$ 302,594
2028	80,000	222,438	302,438
2029	85,000	216,938	301,938
2030	90,000	211,094	301,094
2031	95,000	204,906	299,906
2032	100,000	198,374	298,374
2033	105,000	191,500	296,500
2034	110,000	184,675	294,675
2035	115,000	179,862	294,862
2036	125,000	174,832	299,832
2037	130,000	169,362	299,362
2038	135,000	163,675	298,675
2039	145,000	157,600	302,600
2040	150,000	150,712	300,712
2041	160,000	143,588	303,588
2042	170,000	135,788	305,788
2043	175,000	127,500	302,500
2044	185,000	118,750	303,750
2045	195,000	109,500	304,500
2046	205,000	99,750	304,750
2047	220,000	89,500	309,500
2048	230,000	78,500	308,500
2049	240,000	67,000	307,000
2050	255,000	55,000	310,000
2051	270,000	42,250	312,250
2052	280,000	28,750	308,750
2053	295,000	14,750	309,750
TOTALS	$ 4,420,000	$ 3,764,188	$ 8,184,188

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

MARCH 31, 2026

The District will pay the amount due April 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming that this practice will be followed in the future.

	Annual Requirements for All Series		
Due During Fiscal Years Ending March 31	Total Principal Due	Total Interest Due	Total
2027	$ 125,000	$ 382,281	$ 507,281
2028	155,000	374,127	529,127
2029	160,000	364,125	524,125
2030	165,000	353,782	518,782
2031	170,000	344,593	514,593
2032	175,000	335,062	510,062
2033	180,000	325,187	505,187
2034	210,000	315,363	525,363
2035	215,000	306,549	521,549
2036	225,000	297,520	522,520
2037	230,000	288,050	518,050
2038	235,000	278,363	513,363
2039	270,000	268,162	538,162
2040	275,000	256,118	531,118
2041	285,000	243,838	528,838
2042	295,000	230,726	525,726
2043	325,000	217,125	542,125
2044	335,000	202,000	537,000
2045	345,000	186,000	531,000
2046	355,000	169,500	524,500
2047	395,000	152,500	547,500
2048	405,000	133,624	538,624
2049	440,000	114,250	554,250
2050	455,000	93,250	548,250
2051	470,000	71,500	541,500
2052	505,000	49,000	554,000
2053	520,000	24,875	544,875
TOTALS	$ 7,920,000	$ 6,377,470	$ 14,297,470

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED MARCH 31, 2026

	(1)	(2	Totals
Bond Series:	Def. Area A Series 2024	Def. Area A Series 2025	
Interest Rate:	4.00% to 6.00%	4.375% to 6.875%	
Dates Interest Payable:	October 1/ March 1	October 1/ March 1	
Maturity Dates:	April 1, 2027/2053	April 1, 2027/2053	
Bonds Outstanding at Beginning of Current Year	$ 3,550,000	$	$ 3,550,000
Add Bonds Sold		4,420,000	4,420,000
Less Retirements	(50,000)		(50,000)
Bonds Outstanding at End of Current Year	$ 3,500,000	$ 4,420,000	$ 7,920,000
Current Year Interest Paid	$ 157,687	$ 151,730	$ 309,417

Bond Descriptions and Original Amount of Issue

(1) Fort Bend County Municipal Utility District No. 168 Defined Area A Unlimited Tax Bonds, Series 2024 ($3,600,000)

(2) Fort Bend County Municipal Utility District No. 168 Defined Area A Unlimited Tax Road Bonds, Series 2025 ($4,420,000)

Paying Agent/Registrar

(1) (2) Zion Bancorporation, N.A., Houston, Texas

Bond Authority	Tax Bonds	Other Bonds	Refunding Bonds
Amount Authorized by Voters:	$ 588,150,000	$ 0	$ 559,300,000
Amount Issued:	8,020,000		
Remaining to be Issued:	580,130,000		559,300,000

Net Debt Service Fund deposits balances as of March 31, 2026:	$ 376,309
Average annual debt service payment for remaining term of all debt:	529,535

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND

FOR YEARS ENDED MARCH 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2026	2025	2024	2023*	2022	2026	2025	2024	2023	2022
REVENUES										
Property taxes	$ 738,083	$ 603,177	$ 435,301	$	$	94.6 %	96.6 %	99.3 %	%	%
Penalty	0	0	1,731			0.0	0.0	0.4		
Interest on deposits	42,270	21,077	1,100			5.4	3.4	0.3		
TOTAL REVENUES	780,353	624,254	438,132	0	0	100.0	100.0	100.0	N/A	N/A
EXPENDITURES										
Service operations:										
Professional fees	56,199	41,248	31,812	47,890	19,492	7.1	6.6	7.2		
Contracted services	20,854	19,109	20,642	6,212	1,855	2.7	3.1	4.7		
Repairs and maintenance	20,927	5,295	7,807		0	2.7	0.8	1.8		
Administrative expenditures	16,252	7,556	9,438	7,505	11,203	2.1	1.2	2.2		
TOTAL EXPENDITURES	114,232	73,208	69,699	61,607	32,550	14.6	11.7	15.9	N/A	N/A
EXCESS REVENUES (EXPENDITURES)	$ 666,121	$ 551,046	$ 368,433	$ (61,607)	$ (32,550)	85.4 %	88.3 %	84.1 %	N/A %	N/A %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A	N/A	N/A					

*District was funded by developer advances for fiscal years 2023 and prior.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND

FOR YEARS ENDED MARCH 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2026	2025*	2023	2022	2021	2026	2025	2023	2022	2021
REVENUES										
Property taxes	$ 409,135	$ 89,411				90.6 %	82.7 %			
Penalty and interest	12,791	5,999				2.8	5.6			
Accrued interest on bonds	17,070	5,803				3.8	5.4			
Interest on deposits	12,771	6,768				2.8	6.3			
TOTAL REVENUES	451,767	107,981				100.0	100.0			
EXPENDITURES										
Current:										
Professional fees	3,672	2,540				0.8	2.4			
Contracted services	20,077	16,485				4.4	15.3			
Other expenditures	6,071	3,038				1.3	2.8			
Debt service:										
Principal retirement	50,000	50,000				11.1	46.3			
Interest and fees	309,917	107,125				68.7	99.1			
TOTAL EXPENDITURES	389,737	179,188				86.3	165.9			
EXCESS REVENUES (EXPENDITURES)	$ 62,030	$ (71,207)				13.7 %	(65.9) %			

*First year of financial activity.

See accompanying independent auditor's report.

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

MARCH 31, 2026

Complete District Mailing Address: Fort Bend County Municipal Utility District No. 168
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046

District Business Telephone No.: 713-651-0111

Submission date of the most recent District Registration Form: May 8, 2024

Limit on Fees of Office that a Director may receive during a fiscal year: $7,200

BOARD MEMBERS

Name and Address	Term of Office (Elected/ Appointed)	Fees of Office Paid	Expense Reimb.	Title at Year End
Ryan Smith c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/04/24- 5/06/28	$ 1,547	$ 297	President
Kyle Prater c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/07/22- 5/02/26	2,210	0	Vice President
Lizandro Campos c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/04/24- 5/06/28	1,547	123	Secretary
David Husid c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/07/22- 5/02/26	1,989	64	Assistant Secretary
Amelia Switz c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/04/24- 5/06/28	1,326	257	Assistant Secretary

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 168

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

MARCH 31, 2026

CONSULTANTS

Name and Address	Date Hired	Fees and Expense Reimbursements	Title at Year End
Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	10/23/19	$ 37,716 125,500 Bonds	Attorney
L & S District Services, LLC P.O. Box 170 Tomball, Texas 77377	10/23/19	22,252 1,200 Bonds	Bookkeeper
LJA Engineering 3600 W. Sam Houston Pkwy, Suite 600 Houston, Texas 77042	4/8/20	11,405 20,000 Bonds	Engineer
Utility Tax Service, LLC 11500 Northwest Freeway, Suite 150 Houston, Texas 77092	5/11/23	17,272 1,500 Bonds	Tax Assessor-Collector
Fort Bend Central Appraisal District 2801 B. F. Terry Blvd. Richmond, Texas 77471	Legislative Action	8,250	Central Appraisal District
The GMS Group, L.L.C. 5075 Westheimer, Suite 1175 Houston, Texas 77056	10/23/19	800 89,805 Bonds	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	1/31/23	9,950 5,950 Bonds	Independent Auditor

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.

SPECIMEN

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)

SPECIMEN

APPENDIX C

PHOTOGRAPHS TAKEN IN THE DISTRICT

Sold