

REVISED OFFICIAL STATEMENT DATED JULY 27, 2022

THIS OFFICIAL STATEMENT, ORIGINALLY PRINTED ON JULY 6, 2022, IS BEING REVISED AND REPRINTED AS OF JULY 27, 2022 TO CORRECT THE INFORMATION IN THE FOLLOWING SECTIONS HEREOF: (I) "SELECTED FINANCIAL INFORMATION"; (II) "RISK FACTORS – FACTORS AFFECTING TAXABLE VALUES AND TAX PAYMENTS – MAXIMUM IMPACT ON DISTRICT TAX RATE"; (III) "DISTRICT DEBT – GENERAL"; (IV) "DISTRICT DEBT – DEBT RATIOS"; AND (V) "TAX DATA TAX RATE CALCULATIONS". SUCH INFORMATION WAS BASED UPON A CERTIFICATE OF ESTIMATED TAXABLE ASSESSED VALUE OF PROPERTY LOCATED WITHIN THE DISTRICT AS OF MAY 1, 2022 (THE "CERTIFICATE"), ISSUED BY THE FORT BEND CENTRAL APPRAISAL DISTRICT ("FBCAD"). ON JULY 26, 2022, FBCAD NOTIFIED THE DISTRICT THAT THE ESTIMATED TAXABLE ASSESSED VALUE OF PROPERTY LOCATED WITHIN THE DISTRICT AS OF MAY 1, 2022, WAS OVERSTATED AS OF A RESULT OF AN ERROR IN THE CERTIFICATE AND PROVIDED THE DISTRICT WITH A REVISED CERTIFICATE OF ESTIMATED TAXABLE ASSESSED VALUE OF PROPERTY LOCATED WITHIN THE DISTRICT AS OF MAY 1, 2022 (THE "REVISED CERTIFICATE"). THE INFORMATION IN THIS REVISED OFFICIAL STATEMENT REFLECTS UPDATED INFORMATION IN THE ABOVE REFERENCED SECTIONS BASED UPON THE REVISED CERTIFICATE.

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 229, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS, AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds are not designated as "qualified tax-exempt obligations" for financial institutions. See "LEGAL MATTERS – Not Qualified Tax-Exempt Obligations."

NEW ISSUE – Book Entry Only

S&P Global Ratings (BAM Insured)....."AA"

\$9,710,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 229
(A Political Subdivision of the State of Texas located within Fort Bend County)
UNLIMITED TAX BONDS
SERIES 2022

Dated Date: July 1, 2022

Interest accrues from: Date of Delivery

Due: September 1, as shown on inside cover

The \$9,710,000 Unlimited Tax Bonds, Series 2022 (the "Bonds"), are obligations of Fort Bend County Municipal Utility District No. 229 (the "District") and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; or any entity other than the District.

Principal of the Bonds is payable at maturity or earlier redemption by the paying agent/registrar, initially, Regions Bank, an Alabama banking corporation, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated July 1, 2022 (the "Dated Date") and interest accrues from the initial date of delivery (expected on or about July 28, 2022) (the "Date of Delivery"), and is payable on March 1, 2023, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption, and will be calculated on the basis a 360-day year consisting of twelve 30-day months. The Bonds are fully registered bonds in principal denominations of \$5,000 or any integral multiple thereof. See "THE BONDS" herein.

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

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

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



The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; or any entity other than the District. See "THE BONDS – Source and Security for Payment."

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

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about July 28, 2022.

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

\$9,710,000 Unlimited Tax Bonds, Series 2022

\$4,130,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34686X (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP No. 34686X (b)
2024	\$ 220,000	6.000%	2.500%	AA5	2031 (c)	\$ 295,000	6.000%	3.500%	AH0
2025	225,000	6.000%	2.750%	AB3	2032 (c)	310,000	6.000%	3.600%	AJ6
2026	240,000	6.000%	2.900%	AC1	2033 (c)	325,000	5.875%	3.700%	AK3
2027	250,000	6.000%	3.050%	AD9	2034 (c)	340,000	5.000%	3.800%	AL1
2028	260,000	6.000%	3.200%	AE7	2035 (c)	355,000	5.000%	3.850%	AM9
2029	270,000	6.000%	3.300%	AF4	2036 (c)	370,000	5.000%	3.900%	AN7
2030	285,000	6.000%	3.400%	AG2	2037 (c)	385,000	5.000%	3.950%	AP2

\$5,580,000 Term Bonds

\$825,000 Term Bond Due September 1, 2039 (c) (d), Interest Rate: 5.000% (Price: \$106.731) (a), CUSIP No. 34686X AR8 (b)

\$900,000 Term Bond Due September 1, 2041 (c) (d), Interest Rate: 5.000% (Price: \$106.034) (a), CUSIP No. 34686X AT4 (b)

\$1,505,000 Term Bond Due September 1, 2044 (c) (d), Interest Rate: 4.375% (Price: \$98.000) (a), CUSIP No. 34686X AW7 (b)

\$2,350,000 Term Bond Due September 1, 2048 (c) (d), Interest Rate: 3.500% (Price: \$81.412) (a), CUSIP No. 34686X BA4 (b)

- (a) The initial reoffering yields on the Bonds are established by, and are the sole responsibility of, the Initial Purchaser (defined herein) and may subsequently be changed.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association and will be included solely for the convenience of the owners of the Bonds.
- (c) The Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on July 1, 2030, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. See "THE BONDS — Redemption Provisions — *Optional Redemption*."
- (d) Subject to certain mandatory redemption provisions set forth herein under "THE BONDS — Redemption Provisions — *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 2400, Houston, Texas 77056 upon payment of the costs for duplication thereof.

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or 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 the Official Statement until delivery of the Bonds to the Initial Purchaser, and thereafter only as specified in “GENERAL CONSIDERATIONS—Updating of Official Statement.”

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “MUNICIPAL BOND INSURANCE” and “APPENDIX B – SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”

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

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the lowest bid, which was tendered by Huntington Securities, Inc. (referred to herein as the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates on the inside cover page of this Official Statement, at a price of 97.000000% of the principal amount thereof, which resulted in a net effective interest rate of 4.625174%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

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

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX B."

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2022, and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$466.8 million, \$172.1 million, and \$294.7 million, respectively.

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

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

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

Additional Information Available from BAM

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

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit

Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

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

MUNICIPAL BOND RATING

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

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

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OFFICIAL STATEMENT SUMMARY

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

THE BONDS

- The District..... Fort Bend County Municipal Utility District No. 229 (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”

- The Bonds..... The District is issuing its \$9,710,000 Unlimited Tax Bonds, Series 2022 (the “Bonds”). The Bonds are dated July 1, 2022, and mature on September 1 in each of the years and in the principal amounts set forth on the inside cover hereof. Interest on the Bonds accrues from the initial date of delivery (expected on or about July 28, 2022) (the “Date of Delivery”), and is payable March 1, 2023, and on each September 1 and March 1 thereafter until maturity or prior redemption. See “THE BONDS.”

- Redemption..... The Bonds that mature on or after September 1, 2031, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on July 1, 2030, or on any date thereafter, at the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See “THE BONDS — Redemption Provisions – *Optional Redemption.*”

The Bonds maturing on September 1 in the years 2039, 2041, 2044 and 2048 are term bonds (the “Term Bonds”). The Term Bonds also have certain mandatory redemption provisions as set forth herein under “THE BONDS – Redemption Provisions – *Mandatory Redemption.*”

- Book-Entry-Only System..... The Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (herein defined) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (herein defined) 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.”

- Source of Payment Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas; or any entity other than the District. See “THE BONDS — Source and Security for Payment.”

- Payment Record..... The Bonds are the District’s first issuance of unlimited tax bonds.

- Short-Term Debt..... The District issued its \$4,035,000 Bond Anticipation Note, Series 2021 (the “BAN”), dated November 30, 2021. The BAN matures on November 29, 2022, and accrues interest at a rate of 1.75% per annum, calculated on the basis of actual days elapsed and a 365-day year. The District will use a portion of the proceeds from the sale of

the Bonds to redeem the BAN. Proceeds from the BAN were used to reimburse the Developer (herein defined) for a portion of the improvements and related costs shown under "USE AND DISTRIBUTION OF BOND PROCEEDS." See "THE BONDS – Short-Term Debt."

Authority for Issuance.....At an election held within the District on May 2, 2020, voters of the District authorized the District's issuance of a total of \$90,645,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a waterworks, sanitary sewer and drainage system serving the District (the "Utility System") and an equal amount for refunding such bonds; \$70,315,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system serving the District (the "Road System") and an equal amount for refunding such bonds; and \$28,830,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring recreational facilities to serve the District (the "Park System") and an equal amount for refunding such bonds. The Bonds represent the District's first series of bonds to be issued for the purpose of constructing or acquiring the Utility System. After issuance of the Bonds, the following unlimited tax bonds will remain authorized but unissued: \$80,935,000 for constructing or acquiring the Utility System, \$70,315,000 for constructing or acquiring the Road System, and \$28,830,000 for constructing or acquiring the Park System and all of the unlimited tax bonds authorized for the purpose of refunding bonds issued by the District.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order (herein defined); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; an order of the Texas Commission on Environmental Quality dated May 22, 2022; and the election held within the District described above. See "THE BONDS —Authority for Issuance."

Use of Bond Proceeds.....Proceeds of the sale of the Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs shown under "USE AND DISTRIBUTION OF BOND PROCEEDS." Additionally, proceeds from the sale of the Bonds will also be used to reimburse the Developer for the portion of the improvements and related costs shown under "USE AND DISTRIBUTION OF BOND PROCEEDS" that were not reimbursed by the portion of the BAN and to pay: \$582,600 of capitalized interest; developer interest; BAN interest; and other certain costs associated with the issuance of the Bonds and the BAN. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Not Qualified Tax-Exempt ObligationsThe District has not designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS – Not Qualified Tax-Exempt Obligations."

Municipal Bond InsuranceBuild America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATING."

Municipal Bond Rating.....S&P Global Ratings (BAM Insured): "AA." See "MUNICIPAL BOND RATING."

Bond Counsel Schwartz, Page & Harding, L.L.P., Houston, Texas.
 Disclosure Counsel McCall, Parkhurst & Horton L.L.P., Houston, Texas.
 Financial Advisor Robert W. Baird & Co. Incorporated, Houston, Texas.

THE DISTRICT

Description..... The District was created pursuant to Chapter 138, Acts of the 86th Legislature, Regular Session, 2019, codified as Chapter 8062, Texas Special District Local Laws Code (the “Act”). The District consists of approximately 437.66 total acres of land, all within Fort Bend County, Texas. The District is located approximately 30 miles southwest of the central business district of the City of Houston, Texas (the “City”) and is located entirely within the extraterritorial jurisdiction of the City and within the boundaries of the Lamar Consolidated Independent School District. The District is bounded on the north by Fulshear-Gaston Road and bisected by FM 359. See “THE DISTRICT.”

Authority..... The rights, powers, privileges, authority, and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas, the Act, and the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See “THE DISTRICT—General.”

The Developer..... JDS Nursery Tract, LLC, a Texas limited liability company, (“JDS” or the “Developer”), an affiliate of Johnson Development Corp. (“JDC”), is the developer of land in the District. Since its establishment in 1975, JDC has been involved in over 100 projects resulting in the development of over 40,000 acres devoted to multiple-use commercial parks; office buildings; retail centers; championship golf courses; and residential communities. In Texas, JDC is responsible for the development of several master-planned communities, including: Riverstone; Sienna; Cross Creek Ranch; Harvest Green; Imperial; Fall Creek; Tuscan Lakes; Edgewater; Woodforest; Harmony; Grand Central Park; Willow Creek Farms; Trinity Falls; and Viridian. See “THE DEVELOPER.”

Candela Ventures, LLC, a Texas limited liability company, owns approximately 7.34 acres of land in the District. The District is not aware of any development plans for such tract.

Status of Development..... The District is being developed as the master-planned residential community known as Candela. To date, approximately 557 single-family lots (132.59 acres) have been developed within the following single-family residential subdivisions: Candela, Sections 1 through 8. As of June 1, 2022, development within the District consisted of approximately 225 completed homes (approximately 200 occupied, 16 unoccupied, and 9 model homes), approximately 108 homes under construction, and approximately 224 vacant, developed lots. The remainder of the land within the District consists of an approximately 14.2 acre school site under construction, approximately 78.63 undevelopable acres, and approximately 212.18 acres that are available for future development. See “STATUS OF DEVELOPMENT.”

Homebuilders Within the District.....Homebuilders active within the District include Westin Homes, Coventry Homes, Perry Homes, and MHI Homes. New homes being constructed in the District range in price from approximately \$300,000 to approximately \$830,000 and in size from 2,000 to over 4,500 square feet. See “STATUS OF DEVELOPMENT—Homebuilders Active within the District.”

INFECTIOUS DISEASE OUTLOOK (COVID-19)

Infectious Disease Outlook (COVID-19).....In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State of Texas. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

RISK FACTORS

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

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SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2021 Certified Taxable Assessed Valuation	\$ 22,925,635	(a)
2022 Preliminary Taxable Assessed Valuation.....	\$ 112,380,469	(b)
Estimated Taxable Assessed Valuation as of May 1, 2022.....	\$ 134,595,569	(c)
Direct Debt		
The Bonds	\$ 9,710,000	
Total.....	\$ 9,710,000	
Estimated Overlapping Debt.....	\$ 2,117,285	(d)
Total Direct and Estimated Overlapping Debt	\$ 11,827,285	(d)
Direct Debt Ratios:		
As a Percentage of 2021 Certified Taxable Assessed Valuation	42.35	%
As a Percentage of 2022 Preliminary Taxable Assessed Valuation.....	8.64	%
As a Percentage of Estimated Taxable Assessed Valuation as of May 1, 2022.....	7.21	%
Direct and Estimated Overlapping Debt Ratios:		
As a Percentage of 2021 Certified Taxable Assessed Valuation	51.59	%
As a Percentage of 2022 Preliminary Taxable Assessed Valuation.....	10.52	%
As a Percentage of Estimated Taxable Assessed Valuation as of May 1, 2022.....	8.79	%
Debt Service Funds Available for Utility System Bonds (as of delivery of the Bonds).....	\$ 582,600	(e)
Operating Fund Balance (as of May 23, 2022)	\$ 392,344	
Capital Projects Fund Balance (as of May 23, 2022)	\$ 10,674	

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- (a) Represents the taxable assessed valuation of all taxable property in the District as of January 1, 2021, as certified by the Fort Bend Central Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."
- (b) Represents the preliminary determination of the taxable value in the District as of January 1, 2022, provided by the Fort Bend Central Appraisal District. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on this preliminary value. See "TAX DATA" and "TAXING PROCEDURES."
- (c) Provided by the Fort Bend Central Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of May 1, 2022, and includes an estimate of additional taxable value resulting from the construction of taxable improvements through May 1, 2022. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
- (d) See "DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement."
- (e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Reflects capitalized interest on the Bonds that will be deposited to the Utility System Debt Service Fund upon closing.

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2021 Tax Rate	
Debt Service	\$0.00 (a)
Maintenance and Operations	<u>1.35</u>
Total.....	\$1.35
Average Annual Debt Service Requirement on the Bonds (2023–2048).....	\$ 644,313
Maximum Annual Debt Service Requirement on the Bonds (2024).....	\$ 687,238
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Average Annual Debt Service Requirement on the Bonds (2023–2048)	
at 95% Tax Collections:	
Based on 2021 Certified Taxable Assessed Valuation.....	\$2.96
Based on 2022 Preliminary Taxable Assessed Valuation.....	\$0.61
Based on Estimated Taxable Assessed Valuation as of May 1, 2022	\$0.51
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay	
Maximum Annual Debt Service Requirement on the Bonds (2024)	
at 95% Tax Collections:	
Based on 2021 Certified Taxable Assessed Valuation.....	\$3.16
Based on 2022 Preliminary Taxable Assessed Valuation.....	\$0.65
Based on Estimated Taxable Assessed Valuation as of May 1, 2022	\$0.54

(a) The District has not levied a tax rate for payment of debt service; however, the District anticipates levying such tax rate in 2022.

OFFICIAL STATEMENT
relating to

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 229
\$9,710,000
UNLIMITED TAX BONDS
SERIES 2022

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 229 (the “District”) of its \$9,710,000 Unlimited Tax Bonds, Series 2022 (the “Bonds”).

The Bonds are issued pursuant to (i) the bond order adopted by the Board of Directors of the District on the date of the sale of the Bonds authorizing the issuance of the Bonds (the “Bond Order”), (ii) Chapter 138, Acts of the 86th Legislature, Regular Session, 2019, codified as Chapter 8062, Texas Special District Local Laws Code (the “Act”), and the general laws of the State of Texas applicable to municipal utility districts, including Chapters 49 and 54 of the Texas Water Code, as amended, (iii) an election held within the District on May 2, 2020, and (iv) an order issued by the Texas Commission on Environmental Quality (“TCEQ”) dated May 22, 2022.

Unless otherwise indicated, capitalized terms used in this Official Statement have the same meaning assigned to such terms in the Bond Order. This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report, or instrument.

RISK FACTORS

General

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors and Construction of Improvements: The rate of development within the District is directly related to the vitality of the single-family housing industry in the Houston, Texas metropolitan area. Construction of new single-family homes can be significantly affected by factors such as interest rates, construction costs, and consumer demand. Decreased levels of such construction activity would restrict the growth of property values in the District. Although, as of June 1, 2022, the District included approximately 225 completed single-family homes and approximately 108 additional homes under construction, the District cannot predict the pace or magnitude of any future development in the District. See “STATUS OF DEVELOPMENT.” Unless the District’s tax base grows as a result of construction of additional housing and other taxable improvements, the District may be required to levy taxes at a substantially higher rate than customarily levied by other similar utility districts. An increase in the tax rate of the District to a higher level may have an adverse impact on future development in the District and on the District’s ability to collect such tax. See “TAX DATA—Tax Rate Calculations.”

Competition: The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. In addition to competition for new single-family home sales from other developments, there are numerous previously owned single-family homes in more established commercial centers and neighborhoods closer to the City of Houston, Texas. Such existing developments could represent additional competition for new development proposed to be constructed within the District. The competitive position of the Developer (herein defined) or the principal landowners in the sale of land, and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Location and Access: The District is located approximately 30 miles southwest from the central business district of the City of Houston, Texas. Many of the single-family developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developer within the District may be at a competitive disadvantage to the developers in other single-family projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "STATUS OF DEVELOPMENT."

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

Dependence on Principal Taxpayers and the Developer: The top principal taxpayers represent approximately 33.69% (\$37,861,189) of the 2022 Preliminary Taxable Assessed Valuation, which represents ownership as of January 1, 2022. The Developer represents \$11,890,309 or 10.58% of such value. If these or other principal taxpayers were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus, the ability of the District to make timely payment of debt service on the Bonds would be dependent on its ability to enforce and liquidate its tax lien, which is a time-consuming process, or to sell tax anticipation notes. Failure to recover or borrow funds in a timely fashion could result in an excessive District tax rate, hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Order to maintain any specified amount of surplus in its debt service funds. See "TAX DATA - Principal Taxpayers" and "TAXING PROCEDURES - Levy and Collection of Taxes."

Maximum Impact on District Tax Rate: Assuming no further development or construction of taxable improvements, the value of the land and other taxable property currently within the District will be the major determinant of the ability or willingness of property owners in the District to pay their taxes. The taxable assessed valuation of the District as of January 1, 2021, is \$22,925,635, the 2022 Preliminary Taxable Assessed Valuation as of January 1, 2022, is \$112,380,469, and the Estimated Taxable Assessed Valuation as of May 1, 2022, is \$134,595,569. See "TAX DATA."

After issuance of the Bonds, the maximum annual debt service requirement of the Bonds will be \$687,238 (2024), and the average annual debt service requirement of the Bonds will be \$644,313 (2023-2048). Based on the District's taxable assessed valuation as of January 1, 2021, and no use of funds on hand, a tax rate of \$3.16 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement, and a tax rate of \$2.96 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. Based on the District's 2022 Preliminary Taxable Assessed Valuation as of January 1, 2022, and no use of funds on hand, a tax rate of \$0.65 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement, and a tax rate of \$0.61 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. Based on the District's Estimated Taxable Assessed Valuation as of May 1, 2022, and no use of funds on hand, a tax rate of \$0.54 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement, and a tax rate

of \$0.51 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement. See “DISTRICT DEBT — Debt Service Requirements” and “TAX DATA — Tax Rate Calculations.”

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners. Increases in the District’s tax rate to rates substantially higher than the levels discussed above may have an adverse impact upon future development of the District, the sale and construction of property within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay ad valorem taxes levied by the District.

Infectious Disease Outbreak – COVID-19

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus (“COVID-19”) to be a public health emergency. On March 13, 2020, the Governor of Texas (the “Governor”) declared a state of disaster for all counties in the State of Texas (the “State”) because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State of Texas. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at <https://gov.texas.gov/>. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Severe Weather; Potential Impact of Natural Disaster

The Texas Gulf Coast area, including Fort Bend County, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The Texas Gulf Coast area has experienced multiple storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days.

If a future hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected. See “TAXING PROCEDURES – Valuation of Property for Taxation.”

National Weather Service Atlas 14 Rainfall Study

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

development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston Galveston area (“HGB area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the “2008 Ozone Standard”), and the EPA’s most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the “2015 Ozone Standard”). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB area, the HGB area remains subject to CAA nonattainment requirements.

While the EPA has revoked the 1997 Ozone Standards, the EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB Area remained subject to continuing severe nonattainment area “anti-backsliding” requirements, despite the fact that HGB Area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, the EPA approved the TCEQ’s “redesignation substitute” for the HGB Area under the revoked 1997 Ozone Standards, leaving the HGB Area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA’s decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA’s April 2018 request for rehearing of the case. To address the uncertainty created by the South Coast court’s ruling, the TCEQ developed a formal request that the HGB Area be redesignated to attainment under the 1997

Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a “serious” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. 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 “marginal” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule (“NWPR”), which contains a new definition of “waters of the United States.” The stated purpose of the NWPR is to restore and maintain the integrity of the nation’s waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states’ primary authority over land and water resources. The new definition outlines four categories of waters that are considered “waters of the United States,” and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not “waters of the United States,” and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR became effective June 22, 2020, and is currently the subject of ongoing litigation.

On June 9, 2021, the EPA and USACE announced plans to further revise the definition of “waters of the United States.” On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of “waters of the United States.” Due to existing and possible future litigation and regulatory action, there remains uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements.

Tax Collection Limitations

The District’s ability to make debt service payments may be adversely affected by difficulties in collecting ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming, and expensive collection procedures; (b) a bankruptcy court’s stay of tax collection proceedings against a taxpayer; (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property; or (d) the taxpayer’s right to redeem the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney’s fees and other costs of collecting any such taxpayer’s delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad

valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES."

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners of the Bonds ("Registered Owners") have the right to seek 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 sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of 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. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

Notwithstanding noncompliance by the District with Texas law requirements, the District could file a voluntary bankruptcy petition under Chapter 9 of the Federal Bankruptcy Code, 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 Owner could potentially and adversely impair the value of the Registered Owner's claim.

If the 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 a district.

The District may not be placed into bankruptcy involuntarily.

Future Debt

At an election held within the District on May 2, 2020, voters of the District authorized the District's issuance of the following: a total of \$90,645,000 principal amount of unlimited tax bonds for the purpose of acquiring or

constructing a waterworks, sanitary sewer, and drainage system serving the District (the “Utility System”) and an equal amount for the refunding of such bonds; a total of \$70,315,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring a road system serving the District (the “Road System”) and an equal amount for refunding such bonds; and a total of \$28,830,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities to serve the District (the “Park System”) and an equal amount for refunding such bonds.

The Bonds represent the District’s first series of bonds to be issued for the purpose of constructing or acquiring the Utility System. After issuance of the Bonds, the following unlimited tax bonds will remain authorized but unissued: \$80,935,000 for constructing or acquiring the Utility System, \$70,315,000 for constructing or acquiring the Road System, and \$28,830,000 for constructing or acquiring the Park System and all of the unlimited tax bonds authorized for the purpose of refunding bonds issued by the District.

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. In the Bond Order, the District reserves the right to issue the remaining authorized but unissued bonds and such additional bonds as may hereafter be approved by the voters of the District.

The District’s issuance of the remaining unlimited tax bonds for the Utility System and for the Park System shall be subject to approval by the TCEQ. The District’s issuance of the bonds for purpose of constructing or acquiring the Road System is not subject to approval of the TCEQ, however.

According to the Developer, following the issuance of the Bonds, the District will owe the Developer approximately \$14,000,000 for its expenditures to construct the Utility System, approximately \$6,000,000 for expenditures to construct the Park System, and approximately \$8,800,000 for expenditures to construct the Road System. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt-to-property-valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See “THE BONDS—Issuance of Additional Debt.”

Marketability of the Bonds

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

Continuing Compliance with Certain Covenants

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

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.

Future and Proposed Legislation

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Bond Insurance Risk Factors

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

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

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

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

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

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated July 1, 2022, with interest payable on March 1, 2023, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the date of delivery of the Bonds to the Initial Purchaser thereof (expected to

be on or around July 28, 2022) (the "Date of Delivery"), and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 in each of the years and in the principal amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, AND INITIAL REOFFERING YIELDS" on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At an election held within the District on May 2, 2020, voters of the District authorized a total of \$90,645,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Utility System. The Bonds constitute the first issuance of bonds from such authorization. After the issuance of the Bonds, a total of \$80,935,000 in principal amount of unlimited tax bonds for the Utility System will remain authorized but unissued.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; the Act; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the TCEQ dated May 22, 2022.

At the above-described election, voters of the District also authorized a total of \$70,315,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System. To date, the District has issued no bonds from such voted authorization. See "Financing Road Facilities."

At such election, voters in the District also authorized a total of \$28,830,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing the Park System. To date, the District has issued no bonds from such voted authorization. See "Financing Recreational Facilities" below.

Source and Security for Payment

The Bonds are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "TAXING PROCEDURES." Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "RISK FACTORS." The Bonds are obligations solely of the District and are not obligations of the State of Texas; Fort Bend County, Texas; the City of Houston, Texas (the "City"); or any political subdivision or entity other than the District.

Funds

The Bond Order establishes the District's Construction Fund and the District's Debt Service Fund (the "Utility System Debt Service Fund"). An amount not to exceed \$582,600 will be deposited from the proceeds from sale of the Bonds into the Utility System Debt Service Fund and used to pay capitalized interest. All remaining proceeds of the Bonds will be deposited in the Construction Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Record Date

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.

Redemption Provisions

Mandatory Redemption: The Term Bonds maturing on September 1, 2039, 2041, 2044, and 2048, shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "*Optional Redemption*" below):

\$825,000 Term Bond Maturing on September 1, 2039

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2038	\$ 405,000
September 1, 2039 (Maturity)	420,000

\$900,000 Term Bond Maturing on September 1, 2041

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2040	\$ 440,000
September 1, 2041 (Maturity)	460,000

\$1,505,000 Term Bond Maturing on September 1, 2044

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2042	\$ 480,000
September 1, 2043	500,000
September 1, 2044 (Maturity)	525,000

\$2,350,000 Term Bond Maturing on September 1, 2048

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
September 1, 2045	\$ 550,000
September 1, 2046	575,000
September 1, 2047	600,000
September 1, 2048 (Maturity)	625,000

Notice of the mandatory redemption of Term Bonds will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of the Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY SYSTEM."

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds (including any Term Bonds) maturing on or after September 1, 2031, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on July 1, 2030, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Serial Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures, so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY SYSTEM." If less than all of the entire outstanding principal amount of a Term Bond is to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the date fixed for redemption, in the manner specified in the Bond Order.

Effects of Redemption: By the date fixed for redemption, due provision shall be made with the [Paying Agent/Registrar] for payment of the principal of the Bonds (including any Term Bonds) or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for

redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board of Directors of the District (the "Board") has appointed Regions Bank, an Alabama banking corporation, Houston, Texas, as the initial Paying Agent/Registrar for the Bonds (the "Paying Agent/Registrar"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

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

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least \$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

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.

Short Term Debt

The District issued its \$4,035,000 Bond Anticipation Note, Series 2021 (the "BAN"), dated November 30, 2021. The BAN matures on November 29, 2022, and accrues interest at a rate of 1.75% per annum, calculated on the basis of actual days elapsed and a 365-day year. The District will use a portion of the proceeds from the sale of the Bonds to redeem the BAN. Proceeds from the BAN were used to reimburse the Developer (herein defined) for a portion of the improvements and related costs shown under "USE AND DISTRIBUTION OF BOND PROCEEDS."

Issuance of Additional Debt

Voters of the District authorized the issuance of a total of \$90,645,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Utility System and an equal amount for the refunding of such bonds, \$70,315,000 principal amount of unlimited tax bonds for the purpose of constructing or acquiring the Road System and an equal amount for the refunding of such bonds, and \$28,830,000 principal amount of unlimited tax bonds for constructing or acquiring the Park System and an equal amount for refunding of such bonds, and could authorize additional amounts of each.

The Bonds represent the District's first series of bonds to be issued for the purpose of constructing or acquiring the Utility System. After issuance of the Bonds, the following unlimited tax bonds will remain authorized but unissued: \$80,935,000 for constructing or acquiring the Utility System, \$70,315,000 for constructing or acquiring the Road System, \$28,830,000 for constructing or acquiring the Park System, and all of the unlimited tax bonds authorized for the purpose of refunding bonds issued by the District. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution, the Act, and Chapter 54 Texas Water Code, as amended, the District is authorized to develop and finance with property taxes certain road facilities following a successful District election to approve the issuance of road bonds payable from taxes. At an election held within the District on May 2, 2020, voters of the District authorized a total of \$70,315,000 principal amount of unlimited tax bonds for financing and constructing the Road System. To date, the District has issued no bonds from such voted authorization.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) 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. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per \$100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District. Issuance of bonds for the Park System could dilute the investment security for the Bonds. At election held within the District on May 2, 2020, voters of the District authorized a total of \$28,830,000 in bonds for the purpose of acquiring or constructing the Park System and could authorize additional amounts. Issuance of bonds for the Park System could dilute the investment security for the Bonds.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District may be annexed for full purposes by the City, subject to compliance by the City with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City must assume the District's assets and obligations (including the Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and, therefore, the District makes no representation that the City will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City to make debt service payments should annexation occur.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes, and other obligations. If each district assumes the other's bonds, notes, and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek 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. Certain traditional legal remedies also may not be available. See "RISK FACTORS — Registered Owners' Remedies."

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested

only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law.

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USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds of the sale of the Bonds will be used by the District to redeem the BAN, the proceeds of which were used to reimburse the Developer for a portion of the improvements and related costs shown below. Additionally, proceeds from the sale of the Bonds will also be used to reimburse the Developer for the portion of the improvements and related costs shown below that were not reimbursed by the portion of the BAN and to pay: \$582,600 of capitalized interest; developer interest; BAN interest; and other certain costs associated with the issuance of the Bonds and the BAN.

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

<u>Construction Costs</u>	<u>District's Share</u>
Developer Items	
1. Candela Drainage Channel and W, WW & D serving Section 1 and 3	\$ 3,075,336
2. Candela Section 2 - W, WW & D	545,606
3. Candela Section 4 - W, WW & D	646,230
4. Engineering and Testing (Items Nos 1, 2 and 3)	612,756
5. SWPPP	110,416
6. Special Engineering Reports	<u>71,000</u>
Total Developer Items	\$ 5,061,344
District Items	
1. FCMUD 142 Water Capacity Payments	\$ 143,500
2. Detention Capacity	246,444
3. Land Cost	513,000
4. WWTP and Lift Station No. 1	
1. Construction	526,794
2. Installation Costs (Initial Purchase to FBCMUD 142)	41,650
5. Water Plant - Phase 1	<u>1,018,053</u>
Total District Items	\$ 2,489,441
Total Construction Costs	\$ 7,550,785
 <u>Non-Construction Costs</u>	
A. Legal Fees	\$ 252,750
B. Fiscal Agent Fees	194,200
C. Interest Costs	
1. Developer Interest	269,415
2. Capitalized Interest	582,600
3. BAN Interest	46,430
D. Operation Expenses	158,282
E. District Creation Legal Costs	50,000
F. Bond Discount	291,300
G. Bond Issuance Expenses	30,083
H. BAN Issuance Expenses	99,760
I. Bond Application Report Costs	66,000
J. Market Study	10,000
K. Attorney General Fee (0.10%)	9,500
L. TCEQ Bond Issuance Fee (0.25%)	24,275
M. Contingency (a)	<u>74,620</u>
Total Non-Construction Costs	\$ 2,159,215
TOTAL BOND ISSUE REQUIREMENT	\$ 9,710,000

(a) Represents the difference between the estimated and actual amounts of the BAN interest.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that proceeds of the sale of the Bonds should be sufficient to pay the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an AA+ rating from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchase of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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, defaults, and proposed amendments to the Bond 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 Paying Agent/Registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

DISTRICT DEBT

General

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

2021 Certified Taxable Assessed Valuation	\$ 22,925,635	(a)
2022 Preliminary Taxable Assessed Valuation.....	\$ 112,380,469	(b)
Estimated Taxable Assessed Valuation as of May 1, 2022.....	\$ 134,595,569	(c)

Direct Debt

The Bonds	\$ 9,710,000
Total.....	\$ 9,710,000

Estimated Overlapping Debt.....	\$ 2,117,285	(d)
Total Direct and Estimated Overlapping Debt.....	\$ 11,827,285	(d)

Direct Debt Ratios:

As a Percentage of 2021 Certified Taxable Assessed Valuation	42.35	%
As a Percentage of 2022 Preliminary Taxable Assessed Valuation.....	8.64	%
As a Percentage of Estimated Taxable Assessed Valuation as of May 1, 2022.....	7.21	%

Direct and Estimated Overlapping Debt Ratios:

As a Percentage of 2021 Certified Taxable Assessed Valuation	51.59	%
As a Percentage of 2022 Preliminary Taxable Assessed Valuation.....	10.52	%
As a Percentage of Estimated Taxable Assessed Valuation as of May 1, 2022.....	8.79	%

Debt Service Funds Available for Utility System Bonds (as of delivery of the Bonds).....	\$ 582,600	(e)
Operating Fund Balance (as of May 23, 2022)	\$ 392,344	
Capital Projects Fund Balance (as of May 23, 2022)	\$ 10,674	

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- (a) Represents the taxable assessed valuation of all taxable property in the District as of January 1, 2021, as certified by the Fort Bend Central Appraisal District. See "TAX DATA" and "TAXING PROCEDURES."
 - (b) Represents the preliminary determination of the taxable value in the District as of January 1, 2022, provided by the Fort Bend Central Appraisal District. This preliminary value is subject to protest by the owners of taxable property in the District. No taxes will be levied on this preliminary value. See "TAX DATA" and "TAXING PROCEDURES."
 - (c) Provided by the Fort Bend Central Appraisal District for informational purposes only, this amount is an estimate of the taxable value of all taxable property located within the District as of May 1, 2022, and includes an estimate of additional taxable value resulting from the construction of taxable improvements through May 1, 2022. No taxes will be levied on this estimated value. See "TAX DATA" and "TAXING PROCEDURES."
 - (d) See "DISTRICT DEBT—Direct and Estimated Overlapping Debt Statement."
 - (e) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Utility System Debt Service Fund. Reflects capitalized interest on the Bonds that will be deposited to the Utility System Debt Service Fund upon closing.

2021 Tax Rate	
Debt Service	\$0.00 (a)
Maintenance and Operations	<u>1.35</u>
Total.....	\$1.35

Average Annual Debt Service Requirement on the Bonds (2023–2048).....	\$	644,313
Maximum Annual Debt Service Requirement on the Bonds (2024).....	\$	687,238

Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay
Average Annual Debt Service Requirement on the Bonds (2023–2048)
at 95% Tax Collections:

Based on 2021 Certified Taxable Assessed Valuation.....	\$2.96
Based on 2022 Preliminary Taxable Assessed Valuation.....	\$0.61
Based on Estimated Taxable Assessed Valuation as of May 1, 2022	\$0.51

Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay
Maximum Annual Debt Service Requirement on the Bonds (2024)
at 95% Tax Collections:

Based on 2021 Certified Taxable Assessed Valuation.....	\$3.16
Based on 2022 Preliminary Taxable Assessed Valuation.....	\$0.65
Based on Estimated Taxable Assessed Valuation as of May 1, 2022	\$0.54

(a) The District has not levied a tax rate for payment of debt service; however, the District anticipates levying such tax rate in 2022.

Direct and Estimated Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of May 31, 2022	Percent	Overlapping Amount
Fort Bend County	\$ 841,406,248	0.03 %	\$ 236,131
Fort Bend County Drainage District	24,530,000	0.03	6,932
Lamar Consolidated Independent School District	1,705,940,000	0.11	1,874,222
Total Estimated Overlapping Debt			\$ 2,117,285
The District			\$ <u>9,710,000</u> (a)
Total Direct & Estimated Overlapping			\$ <u><u>11,827,285</u></u>

Debt Ratios

Direct Debt Ratio (a):

As a Percentage of 2021 Certified Taxable Assessed Valuation	42.35%
As a Percentage of 2022 Preliminary Taxable Assessed Valuation.....	8.64%
As a Percentage of Estimated Taxable Assessed Valuation as of May 1, 2022.....	7.21%

Direct and Estimated Overlapping Debt Ratio (a):

As a Percentage of 2021 Certified Taxable Assessed Valuation	51.59%
As a Percentage of 2022 Preliminary Taxable Assessed Valuation.....	10.52%
As a Percentage of Estimated Taxable Assessed Valuation as of May 1, 2022.....	8.79%

(a) Includes the Bonds.

Debt Service Requirements

The following sets forth the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Calendar Year	Principal	Interest	Debt Service
2023	\$ -	\$ 510,068	\$ 510,068
2024	220,000	467,238	687,238
2025	225,000	454,038	679,038
2026	240,000	440,538	680,538
2027	250,000	426,138	676,138
2028	260,000	411,138	671,138
2029	270,000	395,538	665,538
2030	285,000	379,338	664,338
2031	295,000	362,238	657,238
2032	310,000	344,538	654,538
2033	325,000	325,938	650,938
2034	340,000	306,844	646,844
2035	355,000	289,844	644,844
2036	370,000	272,094	642,094
2037	385,000	253,594	638,594
2038	405,000	234,344	639,344
2039	420,000	214,094	634,094
2040	440,000	193,094	633,094
2041	460,000	171,094	631,094
2042	480,000	148,094	628,094
2043	500,000	127,094	627,094
2044	525,000	105,219	630,219
2045	550,000	82,250	632,250
2046	575,000	63,000	638,000
2047	600,000	42,875	642,875
2048	625,000	21,875	646,875
Total	\$9,710,000	\$7,042,149	\$16,752,149

Average Annual Debt Service Requirement (2023–2048) \$644,313
 Maximum Annual Debt Service Requirement (2024) \$687,238

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TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (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 a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly 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"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Fort Bend County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: 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 exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles.

In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2022 tax year, the District has not granted any such exemptions.

The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$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 an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or (ii) a first responder as defined under Texas law, 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.

A “Freeport Exemption” applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit Exemption” is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft, and certain special inventory including dealer’s motor vehicles, dealer’s vessel and outboard motor vehicle, dealer’s heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has not exercised its option to tax goods-in-transit personal property but may choose to do so in the future.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For the 2022 tax year, the District has not granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible

timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "Rollback of Operation and Maintenance Tax Rate." The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land.

Tax Abatement

The City and Fort Bend County may designate all or part of the District as a reinvestment zone, and the District, Fort Bend County, and (if it were to annex the area) the City may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or thirty (30) days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the twenty-first (21st) day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%)

penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty, and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances.

The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

Rollback of Operation and Maintenance Tax Rate

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

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

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a

residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

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

The District: A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. For the 2021 tax year, the Board of Directors determined that the District's status is that of a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units (see "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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

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

TAX DATA

General

Taxable property within the District is subject to the assessment, levy, and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and any future tax-supported bonds that may be issued from time to time as authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due September 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Order to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax sufficient to produce funds to pay the principal of and interest on the Bonds. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements, and its available funds. The District also has the power and authority to assess, levy, and collect ad valorem taxes, not to exceed \$1.50 per \$100 of assessed valuation, for operation and maintenance purposes. In 2021, the Board levied a total tax rate of \$1.35 per \$100 of assessed valuation entirely for operation and maintenance purposes.

Tax Rate Limitation

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

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the debt service requirements on the Bonds. The District has not levied a tax rate for payment of debt service; however, the District anticipates levying such tax rate in 2022.

Maintenance and Operations Tax

The Board of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On May 2, 2020, the Board was authorized to levy such a maintenance and operations tax in an amount not to exceed \$1.50 per \$100 assessed valuation. The Board levied a 2021 tax rate of \$1.35 per \$100 of assessed valuation entirely for maintenance and operation purposes. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemption

As discussed in the section entitled "TAXING PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District has not granted a general homestead exemption or a residential homestead exemption to persons 65 years of age or older or certain other disabled persons for tax year 2022. See "TAXING PROCEDURES – Property Subject to Taxation by the District."

Additional Penalties

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

Historical Tax Collections

The following table illustrates the collection history of the District for tax years 2020–2021:

<u>Tax Year (a)</u>	<u>Assessed Valuation</u>	<u>Tax Rate</u>	<u>Adjusted Levy</u>	<u>Collections Current Year</u>	<u>Current Year Ended 9/30</u>	<u>Collections 04/30/22</u>
2020	8,928,036	1.35	120,528	100.00%	2021	99.98%
2021	22,925,635	1.35	309,496	98.29% (b)	2022	98.29%

(a) See “Tax Rate Distribution” herein.

(b) Collections as of April 30, 2022.

Tax Rate Distribution

	<u>2021</u>	<u>2020</u>
Debt Service (a)	\$0.00	\$0.00
Maintenance and Operations	\$1.35	\$1.35
Total	\$1.35	\$1.35

(a) The District has not levied a tax rate for payment of debt service; however, the District anticipates levying such tax rate in 2022.

Analysis of Tax Base

The following table illustrates the District’s total taxable assessed value in the 2020–2021 tax years by type of property.

<u>Type of Property</u>	<u>2021 Taxable Assessed Valuation</u>	<u>2020 Taxable Assessed Valuation</u>
Land	\$22,309,202	\$ 6,489,902
Improvements	702,940	2,438,176
Personal Property	53,730	0
Exemptions	<u>(140,237)</u>	<u>(42)</u>
Total	\$22,925,635	\$ 8,928,036

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Principal Taxpayers

The following represents the principal taxpayers, type of property, and their preliminary taxable assessed values as of the Appraisal District based upon the 2022 Preliminary Taxable Assessed Valuation:

Taxpayer	Type of Property	Preliminary Assessed Valuation 2022 Tax Roll	Percentage of Preliminary Valuation 2022 Tax Roll
JDS Nursery Tract LLC (a)	Land & Improvements	\$ 11,890,309	10.58%
Perry Homes LLC (b)	Land & Improvements	9,440,600	8.40
Westin Homes and Properties (b)	Land & Improvements	9,225,560	8.21
DFH Coventry LLC (b)	Land & Improvements	3,266,870	2.91
Homeowner	Land & Improvements	713,580	0.63
Homeowner	Land & Improvements	682,760	0.61
Homeowner	Land & Improvements	675,540	0.60
Homeowner	Land & Improvements	675,460	0.60
Homeowner	Land & Improvements	651,460	0.58
Homeowner	Land & Improvements	639,050	0.57
Total		<u>\$ 37,861,189</u>	
% of Respective Tax Roll			33.69%

(a) See "THE DEVELOPER."

(b) See "STATUS OF DEVELOPMENT — Homebuilders Active within the District."

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of taxable assessed valuation that would be required to meet certain debt service requirements the Bonds if no growth in the District occurs beyond the District's taxable assessed valuation as of January 1, 2021 (\$22,925,635), the District's 2022 Preliminary Taxable Assessed Valuation as of January 1, 2022 (\$112,380,469), and the District's Estimated Taxable Assessed Valuation as of May 1, 2022 (\$134,595,569). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirements (2023–2048).....	\$ 644,313
Tax Rate of \$2.96 on the 2021 Certified Assessed Valuation produces.....	\$ 644,669
Tax Rate of \$0.61 on the 2022 Preliminary Assessed Valuation produces.....	\$ 651,245
Tax Rate of \$0.51 on the Estimate of Value as of May 1, 2022 produces.....	\$ 652,116
Maximum Annual Debt Service Requirements (2024).....	\$ 687,238
Tax Rate of \$3.16 on the 2021 Certified Assessed Valuation produces.....	\$ 688,228
Tax Rate of \$0.65 on the 2022 Preliminary Assessed Valuation produces.....	\$ 693,949
Tax Rate of \$0.54 on the Estimate of Value as of May 1, 2022 produces.....	\$ 690,475

Estimated Overlapping Taxes

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

Set forth below is a compilation of all 2021 taxes levied by such jurisdictions per \$100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2021 Tax Rate Per \$100 of Assessed Value
The District	\$1.350000
Fort Bend County	0.438300
Fort Bend County Drainage District	0.014500
Fort Bend County Emergency Service District No. 4	0.100000
Lamar Consolidated Independent School District	<u>1.242000</u>
Total 2021 Tax Rate	<u>\$3.144800</u>

THE DISTRICT

General

The District is a municipal utility district created by the 86th Texas Legislature pursuant to Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of the Act and other general statutes of Texas application to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate, and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also develop and finance roads. See “THE BONDS — Issuance of Additional Debt,” “— Financing Recreational Facilities,” and “— Financing Road Facilities.”

The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City and filed in the real property records of Fort Bend County.

The District is required to obtain certain TCEQ approvals prior to acquiring, constructing and financing road and firefighting facilities, as well as voter approval of the issuance of bonds for said purposes and/or for the purposes of financing recreational facilities. Construction and operation of the District’s drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “THE UTILITY SYSTEM.”

Description

The District was created pursuant to Chapter 138, Acts of the 86th Legislature, Regular Session, 2019, codified as Chapter 8062, Texas Special District Local Laws Code, as amended. The District consists of approximately 437.66 total acres of land, all within Fort Bend County, Texas. The District is located approximately 30 miles southwest of the central business district of the City and is located entirely within the extraterritorial jurisdiction of the City and within the boundaries of the Lamar Consolidated Independent School District. The District is bounded on the north by Fulshear-Gaston Road and bisected by FM 359.

Management of the District

The District is governed by the Board, which consists of five directors and has control and management supervision over all affairs of the District. All of the directors currently own property in the District. Directors are elected in May of even-numbered years for four-year staggered terms. The present members and officers of the Board and their positions are listed below:

<u>Name</u>	<u>Position</u>	<u>Term Expires May</u>
Brian T. Edwards	President	2024
Kris Kohler	Vice President	2024
Justin Patton	Secretary	2024
Gabriella Oxford	Assistant Secretary	2026
Robin Humphrey	Director	2026

The District has contracted with the following companies to operate its facilities and perform certain other services:

Tax Assessor/Collector: The District’s tax assessor/collector is Utility Tax Service, LLC (the “Tax Assessor/Collector”). The Tax Assessor/Collector applies the District’s tax levy to tax rolls prepared by the Appraisal District and bills and collects such levy.

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

Operator: The District’s water and sewer system is operated by Environmental Development Partners LLC (“EDP”).

Auditor: The financial statements of the District as of June 30, 2021, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein.

Engineer: The District’s consulting engineer is Quiddity Engineering, LLC.

Bond Counsel and General Counsel: Schwartz, Page & Harding, L.L.P. (“Bond Counsel”) serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

Disclosure Counsel: The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel in connection with the issuance of the District’s Bonds. The fees of Disclosure Counsel are contingent upon the sale and delivery of the Bonds.

Financial Advisor: Robert W. Baird & Co. Incorporated serves as the District’s financial advisor (the “Financial Advisor”). The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold, and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

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STATUS OF DEVELOPMENT

Status of Development

The District is being developed as the master-planned residential community known as Candela. To date, approximately 557 single-family lots (132.59 acres) have been developed within the following single-family residential subdivisions: Candela, Sections 1 through 8. As of June 1, 2022, development within the District consisted of approximately 225 completed homes (approximately 200 occupied, 16 unoccupied, and 9 model homes), approximately 108 homes under construction, and approximately 224 vacant, developed lots. The remainder of the land within the District consists of approximately 14.20 acre of school site under construction, approximately 78.63 undevelopable acres, and approximately 212.18 acres that are available for additional development.

Candela	Acreage	Section Lots	Homes Completed	Homes Construction	Vacant Lots
Section 1 (Model Home Park)	6.69	9	9	-	-
Section 2	14.48	55	41	10	4
Section 3	20.86	114	87	16	11
Section 4	23.54	114	86	17	11
Section 5	18.09	54	0	15	39
Section 6	17.15	75	1	19	55
Section 7	20.65	106	1	31	74
Section 8	11.13	30	0	0	30
Total Residential Developed	132.59	557	225	108	224
Residential Under Construction	0.00				
School Site Under Construction	14.20				
Undevelopable	78.63				
Remaining Developable	<u>212.18</u>				
District's Approximate Total	437.60				

Homebuilders Active within the District

Homebuilders active within the District include Westin Homes, Coventry Homes, Perry Homes, and MHI Homes. New homes being constructed in the District range in price from approximately \$300,000 to approximately \$830,000 and in size from 2,000 to over 4,500 square feet.

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PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(June 2022)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT

(June 2022)



AERIAL PHOTOGRAPH OF THE DISTRICT
(June 2022)



THE DEVELOPER

The Role of a Developer

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

Description

JDS Nursery Tract LLC, a Texas limited liability company ("JDS" or the "Developer"), an affiliate of Johnson Development Corp. ("JDC"), is the developer of land in the District. Since its establishment in 1975, JDC has been involved in over 100 projects resulting in the development of over 40,000 acres devoted to multiple-use commercial parks; office buildings; retail centers; championship golf courses; and residential communities. In Texas, JDC is responsible for the development of several master-planned communities, including: Riverstone; Sienna; Cross Creek Ranch; Harvest Green; Imperial; Fall Creek; Tuscan Lakes; Edgewater; Woodforest; Harmony; Grand Central Park; Willow Creek Farms; Trinity Falls; and Viridian. The Developer continues to own approximately 360 acres of land within the District. The Developer is a single purpose entity formed for the purpose of developing the land it owns within the District. The Developer is a thinly capitalized limited liability company whose assets consist primarily of the land in the District and the receivables due from the District for development costs. The Developer has minimal net revenues. See "Development Financing" below.

Candela Ventures, LLC, a Texas limited liability company, is the owner of an approximately 7.34-acre commercial parcel in the northwest corner of the District. The District is not aware of any development plans for such tract.

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

Development Financing

In December 2019, the Developer obtained an infrastructure development loan from BancorpSouth Bank. The loan has a maximum principal balance of \$20,411,000 and matures in December of 2022. In May 2021, the Developer obtained a modification to the loan from the BancorpSouth Bank. The modified loan has a \$25,828,000 maximum principal balance and matures in May of 2024. The loan is secured by a lien on approximately 360 acres owned by the Developer in the District. The outstanding balance as of May 1, 2022, was approximately \$11,765,090, and, according to the Developer, it is in compliance with all material conditions of the loan.

Lot-Sales Contracts

The Developer has entered into lot-sales contracts with each of Coventry Homes, Perry Homes and Westin Homes. The contracts for the sale of lots between the Developer and the builders require that earnest money be deposited with a title company, typically 10% of the total price of the completed lots. The sales contracts establish certain required lot purchases quarterly, with pro rata earnest money credit being given to the builders at lot closings stated in each contract. The Developer's sole remedy for builders not purchasing lots in accordance with the contracts is cancellation of the contract and retention of the remaining earnest money on deposit. According to the Developer, each of the builders is in compliance with their respective lot-sales contract. As of June 2022, the total number of lots contracted and purchased by each builder is listed below:

Homebuilder	Total Lots Contracted	Total Lots Purchased
Coventry Homes	248	150
Perry Homes	248	169
Westin Homes	248	185
Totals	744	504

THE UTILITY SYSTEM

Water Supply

The District currently obtains water from Fort Bend County Municipal Utility District No. 142 ("FBCMUD 142") pursuant to a Temporary Water Supply Agreement (the "Water Agreement") between the District and FBCMUD 142. FBCMUD 142 owns and operates two water plants. FBCMUD 142's Water Plant No. 1, which currently supplies pressurized potable water to the District, consists of two (2) water wells with approximately 2,090 gallons per minute (gpm) of combined capacity; three (3) 360,000 gallon ground storage tanks; two (2) 15,000 gallon hydro-pneumatic tanks; and five (5) 850 gpm booster pumps. The Water Agreement provides that FBCMUD 142 will provide the District with up to 450 equivalent single family connections ("ESFCs") or 162,000 GPD average daily flow of pressurized potable water supply until May 1, 2024.

The District is currently constructing its own water plant, which is financed, in part, with the proceeds of the Bonds. The District's water plant will consist of one (1) water well (approximately 700 gpm of capacity); one (1) 320,000 gallon ground storage tank; two (2) 15,000 gallon hydro-pneumatic tanks; and three (3) 850 gpm booster pumps. Upon completion of construction of the District's water plant, the District's water supply will be capable of serving 1,167 ESFCs.

Wastewater

The District currently obtains wastewater treatment capacity from FBCMUD 142's Wastewater Treatment Plant No. 2 (the "Package Plant") pursuant to a Waste Disposal Agreement between the District and FBCMUD 142 (the "Waste Agreement"). The Package Plant is located south of Fulshear-Gaston Road and provides capacity for the Creekside Ranch Development within FBCMUD 142, as well as the current development within the District. The Package Plant currently has sufficient wastewater treatment capacity to serve 800 ESFCs. The Waste Agreement provides the District with temporary capacity in the Package Plant until such time as FBCMUD 142's permanent plant is operational (projected to be October 2022), at which time the lease agreement for the Package Plant will be assigned to the District, and the site on which the Package Plant is located will be conveyed to the District for an agreed upon price.

The District is currently constructing an expansion to the Package Plant that, when complete, will increase the capacity of the Package Plant from an average daily flow of 200,000 gpd to an average daily flow of 600,000 gpd. The TCEQ has issued the District a wastewater discharge permit for the expanded Package Plant. Upon completion of the Package Plant expansion, the Package Plant will be capable of serving 2,000 ESFCs, which is expected to be sufficient to serve the District at ultimate build out. The completion date of the expansion of the Package Plant to 600,000 gpd, average daily flow, is July 2022.

Drainage

For the land within the District's boundary located east of FM 359, curb and gutter streets with underground storm sewers were constructed with Sections 1-4 and the drainage channel project. All undeveloped land drains naturally to boundary swales that flow to the Candela Drainage Channel. Storm water is conveyed through the storm sewers into the drainage channel, to the Regional Detention Pond located outside of the District's boundaries. From the Regional Detention Pond, it flows to the Westheimer Lakes Channel, then to Andrus Creek.

Regulation

According to the Engineer, the water and sanitary sewer facilities to be acquired and or constructed by the District will be designed and constructed in accordance with accepted engineering practices and recommendations and requirements of the City, the Texas Department of Health, and the TCEQ. Construction and operation of the facilities are subject to inspection and regulation by the City, TCEQ, the EPA, and other governmental agencies. According to the Engineer, District improvements being financed with the proceeds of the Bonds have been approved by all required regulatory agencies and have been constructed in compliance with applicable standards and specifications.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Initial Purchaser a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds 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 and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" herein. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal of and interest on, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold, and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections “THE BONDS,” “THE DISTRICT—General,” and “—Management of the District—Bond Counsel and General Counsel,” “TAXING PROCEDURES,” and “LEGAL MATTERS” solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm’s limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings, and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof, and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any federal, state, or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

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

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, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. 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 ownership of the Bonds.

Not Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer’s taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code.

Collateral Federal Income Tax Consequences

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership, or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Tax Accounting Treatment of Original Issue Discount Bonds and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the “Original Issue Discount Bonds”). 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 six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and 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.

The initial public offering price to be paid for certain maturities of the Bonds is greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Initial Purchaser a certificate dated as of the Date of Delivery, to the effect that no litigation of any nature of which the District has actual notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity

of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

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

The financial information and operating data which will be provided with respect to the District is found in the APPENDIX A (the District's Audited Financial Statements). The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 2023. Any information so provided shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

Specified Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax- exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition

involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or 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 District or obligated person, any of which reflect financial difficulties. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

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

Limitations and Amendments

The District has agreed to update information and to provide notices of 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 registered 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 or the Developers, but only if the agreement, as amended, would have permitted an Initial Purchaser 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 such Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such Rule or a court of final jurisdiction determines that such provisions are invalid, but in either case only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under “Annual Reports” an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

The District has no outstanding bonds and is not currently subject to a continuing disclosure agreement.

GENERAL CONSIDERATIONS

General

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

The financial statements of the District as of June 30, 2021, and for the year then ended, included in this offering document, have been audited by BKD, LLP, 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 Initial Purchaser and ending on the ninety-first (91st) day after the "end of the underwriting period," (as defined in Rule 15c(2)-12(f)(2) of the SEC), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Initial Purchaser of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

Certification as to Official Statement

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

Concluding Statement

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 229 as of the date shown on the first page hereof.

/s/ Brian T. Edwards
President, Board of Directors
Fort Bend County Municipal Utility District No. 229

ATTEST:

/s/ Justin Patterson
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 229

APPENDIX A
INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS OF THE DISTRICT

Fort Bend County Municipal Utility District No. 229

Fort Bend County, Texas

Independent Auditor's Report and Financial Statements

June 30, 2021



Fort Bend County Municipal Utility District No. 229
June 30, 2021

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Independent Auditor's Report

Board of Directors
Fort Bend County Municipal Utility District No. 229
Fort Bend County, Texas

We have audited the accompanying financial statements of the governmental activities and general fund of Fort Bend County Municipal Utility District No. 229 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
November 12, 2021

Fort Bend County Municipal Utility District No. 229

Management's Discussion and Analysis

June 30, 2021

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

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, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. 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, liabilities, and deferred inflows and outflows of resources of 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 assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' 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. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 year.

Fort Bend County Municipal Utility District No. 229
Management's Discussion and Analysis (Continued)
June 30, 2021

Although the statement of activities looks different from a commercial enterprise's statement of income, 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 Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes 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, sewer and drainage 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 assets, liabilities, and deferred inflows and outflows of resources 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 is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to 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.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Fort Bend County Municipal Utility District No. 229
Management's Discussion and Analysis (Continued)
June 30, 2021

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the current year are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

Current and other assets	\$	252,922
Capital assets		7,280,360
Total assets		\$ 7,533,282
Long-term liabilities	\$	7,678,655
Other liabilities		114,216
Total liabilities		7,792,871
Net position:		
Net investment in capital assets		(398,295)
Unrestricted		138,706
Total net position	\$	(259,589)

The total net position of the District decreased by \$81,588, or about 46 percent. The majority of the decrease in net position is related to depreciation expense on the District's capital assets. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

Revenues:		
Property taxes	\$	120,528
Charges for services		51,319
Other revenues		351,673
Total revenues		523,520
Expenses:		
Services		436,859
Depreciation		168,249
Total expenses		605,108
Change in net position		(81,588)
Net position, beginning of year		(178,001)
Net position, end of year	\$	(259,589)

Fort Bend County Municipal Utility District No. 229
Management's Discussion and Analysis (Continued)
June 30, 2021

Financial Analysis of the District's Fund

The general fund's fund balance increased by \$169,049, primarily due to tap connection and inspection fee revenues received exceeding the related tap connection expenditures.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to developer advances received and lease payment expenditures being less than anticipated. In addition, property tax revenues, tap connection and inspection fee revenues and related tap connection expenditures, and repairs and maintenance expenditures were not included in the current year budget. The fund balance as of June 30, 2021, was expected to be \$(30,370) and the actual end-of-year fund balance was \$138,679.

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current fiscal year are summarized below:

Capital Assets (Net of Accumulated Depreciation)

Land and improvements	\$	243,199
Water facilities		536,512
Wastewater facilities		1,149,012
Drainage facilities		2,498,591
Road and paving facilities		2,853,046
Total capital assets	\$	7,280,360

During the current year, additions to capital assets were as follows:

Water, sewer, drainage and paving facilities to serve Candela, Sections 1 - 4, and recreational center	\$	6,539,898
Candela drainage channel		908,711
Total additions to capital assets	\$	7,448,609

Fort Bend County Municipal Utility District No. 229
Management's Discussion and Analysis (Continued)
June 30, 2021

The developer within the District has constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the cost of these facilities, plus interest, from the proceeds of future bond issues, subject to the approval of the Commission, as applicable, and the terms of the contracts with the developer. As of June 30, 2021, a liability for developer-constructed capital assets of \$7,448,609 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended June 30, 2021, are summarized as follows:

Long-term debt payable, beginning of year	\$	147,631
Increases in long-term debt		7,531,024
 Long-term debt payable, end of year	 \$	 <u>7,678,655</u>

At June 30, 2021, the District had \$90,645,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District, \$28,830,000 of unlimited tax bonds authorized, but unissued, for the purposes of constructing park and recreational facilities and \$70,315,000 of unlimited tax bonds authorized, but unissued, for the purpose of constructing roads.

Other Relevant Factors

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 City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent, but conditioned upon a successful annexation election held within the District. If the District is annexed, the City must assume the District's assets and obligations (including the bond indebtedness) and abolish the District within 90 days.

Economic Dependency

The District's developer owns the majority of the taxable property within the District. The District's ability to meet its obligations is dependent on the developer's ability to pay property taxes.

Since inception, the developer has advanced \$230,046 to the District for operations. These advances have been recorded as liabilities in the government-wide financial statements.

Fort Bend County Municipal Utility District No. 229
Management's Discussion and Analysis (Continued)
June 30, 2021

Contingencies

The developer of the District is constructing facilities on behalf of the District within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission, as applicable. The District's engineer has stated that current construction amounts are approximately \$12,056,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Fort Bend County Municipal Utility District No. 229
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2021

	General Fund	Adjustments	Statement of Net Position
Assets			
Cash	\$ 245,351	\$ -	\$ 245,351
Receivables:			
Property taxes	27	-	27
Service accounts	7,544	-	7,544
Capital assets (net of accumulated depreciation):			
Land and improvements	-	243,199	243,199
Infrastructure	-	4,184,115	4,184,115
Road facilities	-	2,853,046	2,853,046
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 252,922</u>	<u>\$ 7,280,360</u>	<u>\$ 7,533,282</u>
 Liabilities			
Accounts payable	\$ 52,621	\$ -	\$ 52,621
Customer deposits	35,150	-	35,150
Unearned tap connection fees	26,350	-	26,350
Due to others	95	-	95
Long-term liabilities, due after one year	-	7,678,655	7,678,655
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>114,216</u>	<u>7,678,655</u>	<u>7,792,871</u>
 Deferred Inflows of Resources			
Deferred property tax revenues	<u>27</u>	<u>(27)</u>	<u>0</u>
 Fund Balance/Net Position			
Unassigned fund balance	<u>138,679</u>	<u>(138,679)</u>	<u>0</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 252,922</u>		
 Net position:			
Net investment in capital assets		(398,295)	(398,295)
Unrestricted		<u>138,706</u>	<u>138,706</u>
		<u> </u>	<u> </u>
Total net position		<u>\$ (259,589)</u>	<u>\$ (259,589)</u>

Fort Bend County Municipal Utility District No. 229
Statement of Activities and Governmental Fund Revenues,
Expenditures and Changes in Fund Balance
Year Ended June 30, 2021

	General Fund	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 120,501	\$ 27	\$ 120,528
Water service	20,648	-	20,648
Sewer service	15,951	-	15,951
Regional water fee	14,720	-	14,720
Penalty and interest	1,987	-	1,987
Tap connection and inspection fees	349,332	-	349,332
Other income	354	-	354
	<u>523,493</u>	<u>27</u>	<u>523,520</u>
Total revenues			
	<u>523,493</u>	<u>27</u>	<u>523,520</u>
Expenditures/Expenses			
Service operations:			
Purchased services	18,368	-	18,368
Regional water fee	2,968	-	2,968
Professional fees	97,169	-	97,169
Contracted services	15,919	-	15,919
Repairs and maintenance	47,121	-	47,121
Other expenditures	29,489	-	29,489
Tap connections	154,075	-	154,075
Depreciation	-	168,249	168,249
Lease payments	71,750	-	71,750
	<u>436,859</u>	<u>168,249</u>	<u>605,108</u>
Total expenditures/expenses			
	<u>436,859</u>	<u>168,249</u>	<u>605,108</u>
Excess of Revenues Over Expenditures	86,634	(168,222)	
Other Financing Sources			
Developer advances received	82,415	(82,415)	
	<u>82,415</u>	<u>(82,415)</u>	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	169,049	(169,049)	
	<u>169,049</u>	<u>(169,049)</u>	
Change in Net Position		(81,588)	(81,588)
Fund Balance (Deficit)/Net Position			
Beginning of year	(30,370)	-	(178,001)
	<u>(30,370)</u>	<u>-</u>	<u>(178,001)</u>
End of year	\$ 138,679	\$ 0	\$ (259,589)
	<u>\$ 138,679</u>	<u>\$ 0</u>	<u>\$ (259,589)</u>

Fort Bend County Municipal Utility District No. 229
Notes to Financial Statements
June 30, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Fort Bend County Municipal Utility District No. 229 (the District) was created pursuant to Section 52, Article III, and Section 59, Article XVI, of the Texas Constitution by an Act of the 86th Legislature of the State of Texas, effective May 23, 2019, codified as Chapter 8062, Texas Special District Local Laws Code (the Act). The District operates in accordance with the Act and Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the Commission). The principal functions of the District are to finance, construct, own and operate waterworks, wastewater, drainage, recreational, road and other facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

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, such as the provision of water, wastewater, drainage and other related 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 with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

Fort Bend County Municipal Utility District No. 229
Notes to Financial Statements
June 30, 2021

The fund financial statements provide information about the District's governmental fund. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental fund:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Fund Balance – Governmental Fund

The fund balance for the District's governmental fund can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Fort Bend County Municipal Utility District No. 229
Notes to Financial Statements
June 30, 2021

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Fort Bend County Municipal Utility District No. 229

Notes to Financial Statements

June 30, 2021

Use of Estimates

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

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended June 30, 2021, include collections during the current period or within 60 days of year-end related to the 2020 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended June 30, 2021, the 2020 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Fort Bend County Municipal Utility District No. 229

Notes to Financial Statements

June 30, 2021

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets, with an individual cost of \$5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	<u>Years</u>
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Road and paving facilities	10-30

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balance

Fund balance and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Fort Bend County Municipal Utility District No. 229
Notes to Financial Statements
June 30, 2021

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balance in the governmental fund balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 7,280,360
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	27
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(7,678,655)</u>
Adjustment to fund balance to arrive at net position.	<u><u>\$ (398,268)</u></u>

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balance in the governmental fund statement of revenues, expenditures and changes in fund balance because:

Change in fund balance.	\$ 169,049
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of depreciation expense in the current period.	(168,249)
Governmental funds report developer advances as other financing sources or uses as amounts are received or paid. However, for government-wide financial statements, these amounts are recorded as an increase or decrease in due to developer.	(82,415)
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	<u>27</u>
Change in net position of governmental activities.	<u><u>\$ (81,588)</u></u>

Fort Bend County Municipal Utility District No. 229
Notes to Financial Statements
June 30, 2021

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At June 30, 2021, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

At June 30, 2021, the District had no investments.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2021, is presented as follows:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	\$ 0	\$ 243,199	\$ 243,199

Fort Bend County Municipal Utility District No. 229
Notes to Financial Statements
June 30, 2021

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, depreciable:			
Water production and distribution facilities	\$ -	\$ 548,706	\$ 548,706
Wastewater collection and treatment facilities	-	1,175,126	1,175,126
Drainage facilities	-	2,555,377	2,555,377
Road facilities	-	2,926,201	2,926,201
	<u>0</u>	<u>7,205,410</u>	<u>7,205,410</u>
Total capital assets, depreciable	<u>0</u>	<u>7,205,410</u>	<u>7,205,410</u>
Less accumulated depreciation:			
Water production and distribution facilities	-	(12,194)	(12,194)
Wastewater collection and treatment facilities	-	(26,114)	(26,114)
Drainage facilities	-	(56,786)	(56,786)
Road facilities	-	(73,155)	(73,155)
	<u>0</u>	<u>(168,249)</u>	<u>(168,249)</u>
Total accumulated depreciation	<u>0</u>	<u>(168,249)</u>	<u>(168,249)</u>
Total governmental activities, net	<u>\$ 0</u>	<u>\$ 7,280,360</u>	<u>\$ 7,280,360</u>

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended June 30, 2021, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Balances, End of Year	Amounts Due in One Year
Developer advances	\$ 147,631	\$ 82,415	\$ 230,046	\$ -
Due to developer	-	7,448,609	7,448,609	-
	<u>147,631</u>	<u>7,531,024</u>	<u>7,678,655</u>	<u>0</u>
Total governmental activities long-term liabilities	<u>\$ 147,631</u>	<u>\$ 7,531,024</u>	<u>\$ 7,678,655</u>	<u>\$ 0</u>

Fort Bend County Municipal Utility District No. 229
Notes to Financial Statements
June 30, 2021

Bonds voted	
Water, sewer and drainage facilities	\$ 90,645,000
Recreational facilities	28,830,000
Roads	70,315,000
Bonds sold	0
Refunding bonds voted	189,790,000
Refunding bond authorization used	0

Due to Developer

The developer within the District has constructed facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission, as applicable, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$7,448,609. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5: Maintenance Taxes

At an election held May 2, 2020, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended June 30, 2021, the District levied an ad valorem maintenance tax at the rate of \$1.3500 per \$100 of assessed valuation, which resulted in a tax levy of \$120,528 on the taxable valuation of \$8,928,036 for the 2021 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 6: Temporary Water Supply Agreement

During the year ended June 30, 2020, the District entered into a temporary water supply agreement with Fort Bend County Municipal Utility District No. 142 (District 142). Under the terms of the agreement, the District will lease capacity in District 142's water plant No. 2 for a term of four years for annual payments of \$71,750. In addition, each month, the District will be billed its pro-rata share of fixed and variable operation and maintenance expenses of the water plant.

The District is within the boundaries of the North Fort Bend Water Authority (the Authority) which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Fort Bend Subsidence District, which

Fort Bend County Municipal Utility District No. 229
Notes to Financial Statements
June 30, 2021

regulates groundwater withdrawal. As of June 30, 2021, the Authority was billing District 142 \$4.25 per 1,000 gallons of water pumped from its wells and \$4.60 per 1,000 gallons of surface water delivered, and District 142 is billing the District its proportionate share of these fees.

During the current year, the District incurred expenditures of \$21,336 under the terms of the agreement.

Note 7: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts since the inception of the District.

Note 8: Economic Dependency

The District's developer owns the majority of the taxable property in the District. The District's ability to meet its obligations is dependent on the developer's ability to pay property taxes.

Since inception, the developer has advanced the District \$230,046 to the District for operations. The District does not have sufficient funds or anticipated revenues sufficient to liquidate these advances during the forthcoming year. These advances have been recorded as liabilities in the financial statements.

Note 9: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 10: Contingencies

The developer of the District is constructing facilities on behalf of the District within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds from future bond sales, to the extent approved by the Commission, as applicable. The District's engineer has stated that current construction amounts are approximately \$12,056,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Required Supplementary Information

Fort Bend County Municipal Utility District No. 229
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2021

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ -	\$ 120,501	\$ 120,501
Water service	-	20,648	20,648
Sewer service	-	15,951	15,951
Regional water fee	-	14,720	14,720
Penalty and interest	-	1,987	1,987
Tap connection and inspection fees	-	349,332	349,332
Other income	20	354	334
	<hr/>	<hr/>	<hr/>
Total revenues	20	523,493	523,473
	<hr/>	<hr/>	<hr/>
Expenditures			
Service operations:			
Purchased services	-	18,368	(18,368)
Regional water fee	-	2,968	(2,968)
Professional fees	105,700	97,169	8,531
Contracted services	22,200	15,919	6,281
Repairs and maintenance	-	47,121	(47,121)
Other expenditures	17,910	29,489	(11,579)
Tap connections	-	154,075	(154,075)
Lease payments	143,500	71,750	71,750
	<hr/>	<hr/>	<hr/>
Total expenditures	289,310	436,859	(147,549)
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over Expenditures	(289,290)	86,634	375,924
Other Financing Sources			
Developer advances received	289,290	82,415	(206,875)
	<hr/>	<hr/>	<hr/>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	-	169,049	169,049
Fund Balance, Beginning of Year	(30,370)	(30,370)	-
	<hr/>	<hr/>	<hr/>
Fund Balance, End of Year	\$ (30,370)	\$ 138,679	\$ 169,049
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Fort Bend County Municipal Utility District No. 229
Notes to Required Supplementary Information
June 30, 2021

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2021.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Fort Bend County Municipal Utility District No. 229
Other Schedules Included Within This Report
June 30, 2021

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

- Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 11-20
- Schedule of Services and Rates
- Schedule of General Fund Expenditures
- Schedule of Temporary Investments – Not Applicable
- Analysis of Taxes Levied and Receivable
- Schedule of Long-term Debt Service Requirements by Years – Not Applicable
- Changes in Long-term Bonded Debt – Not Applicable
- Schedule of Revenues and Expenditures – General Fund
- Board Members, Key Personnel and Consultants

Fort Bend County Municipal Utility District No. 229

Schedule of Services and Rates

Year Ended June 30, 2021

1. Services provided by the District:

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	\$ 20.00	10,000	N	\$ 2.00	10,001 to 15,000
				\$ 3.00	15,001 to 20,000
				\$ 4.00	20,001 to 25,000
				\$ 5.00	25,001 to No limit
Wastewater:	\$ 37.50	0	Y		
Regional water fee:	\$ 4.60	1,000	N	\$ 4.60	1,001 to No Limit
Does the District employ winter averaging for wastewater usage?					Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Total charges per 10,000 gallons usage (including fees):				Water \$ 66.00	Wastewater \$ 37.50

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	164	163	x1.0	163
1"	-	-	x2.5	-
1 1/2"	-	-	x5.0	-
2"	4	4	x8.0	32
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	168	167		195
Total wastewater	166	165	x1.0	165

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	5,603
Gallons billed to customers:	5,603
Water accountability ratio (gallons billed/gallons pumped):	100.00%

Fort Bend County Municipal Utility District No. 229
Schedule of General Fund Expenditures
Year Ended June 30, 2021

Personnel (including benefits)		\$	-
Professional Fees			
Auditing	\$	-	
Legal		70,450	
Engineering		26,719	
Financial advisor		-	97,169
		<hr/>	
Purchased Services for Resale			
Bulk water and wastewater service purchases			18,368
Regional Water Fee			2,968
Contracted Services			
Bookkeeping		11,571	
General manager		-	
Appraisal district		-	
Tax collector		4,300	
Security		-	
Other contracted services		48	15,919
		<hr/>	
Utilities			-
Repairs and Maintenance			47,121
Administrative Expenditures			
Directors' fees		8,250	
Office supplies		-	
Insurance		-	
Other administrative expenditures		21,239	29,489
		<hr/>	
Capital Outlay			
Capitalized assets		-	
Expenditures not capitalized		-	-
		<hr/>	
Tap Connection Expenditures			154,075
Solid Waste Disposal			-
Fire Fighting			-
Parks and Recreation			-
Other Expenditures - Lease Payments			71,750
			<hr/>
Total expenditures		\$	<u>436,859</u>

Fort Bend County Municipal Utility District No. 229
Analysis of Taxes Levied and Receivable
Year Ended June 30, 2021

	Maintenance Taxes
Receivable, Beginning of Year	\$ 0
2020 Original Tax Levy	114,960
Additions and corrections	5,568
	120,528
Adjusted tax levy	120,528
Total to be accounted for	120,528
Tax collections: Current year	(120,501)
Prior years	-
	27
Receivable, end of year	\$ 27
Receivable, by Years	
2020	\$ 27

Fort Bend County Municipal Utility District No. 229
Analysis of Taxes Levied and Receivable (Continued)
Year Ended June 30, 2021

	2020
Property Valuations	
Land	\$ 6,489,902
Improvements	2,438,176
Personal property	-
Exemptions	(42)
Total property valuations	\$ 8,928,036
 Tax Rates per \$100 Valuation	
Maintenance tax rates*	\$ 1.3500
 Tax Levy	\$ 120,528
 Percent of Taxes Collected to Taxes Levied**	99%

*Maximum tax rate approved by voters: \$1.50 on May 2, 2020

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

Fort Bend County Municipal Utility District No. 229
Schedule of Revenues and Expenditures – General Fund
Year Ended June 30, 2021

	Amounts	Percent of Fund Total Revenues
General Fund		
Revenues		
Property taxes	\$ 120,501	23.0 %
Water service	20,648	3.9
Sewer service	15,951	3.1
Regional water fee	14,720	2.8
Penalty and interest	1,987	0.4
Tap connection and inspection fees	349,332	66.7
Other income	354	0.1
Total revenues	523,493	100.0
Expenditures		
Service operations:		
Purchased services	18,368	3.5
Regional water fee	2,968	0.6
Professional fees	97,169	18.6
Contracted services	15,919	3.0
Repairs and maintenance	47,121	9.0
Other expenditures	29,489	5.6
Tap connections	154,075	29.4
Lease payments	71,750	13.7
Total expenditures	436,859	83.4
Excess of Revenues Over Expenditures	86,634	16.6 %
Other Financing Sources		
Developer advances received	82,415	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	169,049	
Fund Balance (Deficit), Beginning of Year	(30,370)	
Fund Balance, End of Year	\$ 138,679	
Total Active Retail Water Connections	167	
Total Active Retail Wastewater Connections	165	

Fort Bend County Municipal Utility District No. 229
Board Members, Key Personnel and Consultants
Year Ended June 30, 2021

Complete District mailing address:	Fort Bend County Municipal Utility District No. 229 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 1400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	September 28, 2020
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Brian T. Edwards	Elected 05/20- 05/24	\$ 1,950	\$ 170	President
Kris Kohler	Elected 05/20- 05/24	1,200	0	Vice President
Justin Patton	Elected 05/20- 05/24	1,800	0	Secretary
Gabriella Oxford	Elected 05/20- 05/22	1,350	0	Assistant Secretary
Robin Humphrey	Appointed 07/20- 05/22	1,950	0	Director
Walker Barnett	Elected 05/20- 07/20	0	0	Resigned

*Fees are the amounts actually paid to a director during the District's fiscal year.

Fort Bend County Municipal Utility District No. 229
Board Members, Key Personnel and Consultants (Continued)
Year Ended June 30, 2021

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	06/28/21	\$ 0	Auditor
Environmental Development Partners, LLC	01/27/20	209,957	Operator
Fort Bend County Appraisal District	Legislative Action	0	Appraiser
Jones & Carter, Inc.	01/27/20	26,719	Engineer
Municipal Accounts & Consulting, L.P.	01/27/20	13,191	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	01/25/21	0	Delinquent Tax Attorney
Robert W. Baird & Co. Incorporated	01/27/20	0	Financial Advisor
Schwartz, Page & Harding, L.L.P.	01/27/20	77,988	General Counsel
Utility Tax Services, LLC	01/27/20	4,300	Tax Assessor/ Collector
Investment Officers			
Mark Burton and Ghia Lewis	05/06/20	N/A	Bookkeepers

APPENDIX B
SPECIMEN MUNICIPAL BOND
INSURANCE POLICY



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN