

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 1, 2023

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the purpose of soliciting initial bids on the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser.

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

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE - Book-Entry-Only

\$4,450,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 192 (A political subdivision of the State of Texas located within Fort Bend County) UNLIMITED TAX BONDS, SERIES 2023

Dated: April 1, 2023

Due: September 1, as shown below

Interest Accrual Date: Date of Delivery

Principal of the Bonds will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Dallas, Texas. Interest on the Bonds accrues from the initial date of delivery (expected April 6, 2023) (the "Date of Delivery"), and is payable each September 1 and March 1, commencing September 1, 2023, until the earlier of maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof. The Bonds are subject to redemption prior to maturity as shown below.

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

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due (September 1)	Principal Amount (a)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2024	\$ 130,000				2036	\$ 200,000 (d)			
2025	140,000				2037	210,000 (d)			
2026	150,000				2038	220,000 (d)			
2027	150,000				2039	230,000 (d)			
2028	150,000				2040	240,000 (d)			
2029	155,000				2041	240,000 (d)			
2030	160,000 (d)				2042	240,000 (d)			
2031	160,000 (d)				2043	240,000 (d)			
2032	170,000 (d)				2044	240,000 (d)			
2033	175,000 (d)				2045	240,000 (d)			
2034	180,000 (d)				2046	240,000 (d)			
2035	190,000 (d)								

- (a) The Initial Purchaser (as defined herein) may elect to designate one or more term bonds. See accompanying Official Notice of Sale and Official Bid Form.
- (b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.
- (c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (d) Bonds maturing on and after September 1, 2030, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2029, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Fort Bend County Municipal Utility District No. 192 (the "District") and will be 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, the City of Sugar Land or any entity other than the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about April 6, 2023.

Bids Due: Wednesday, March 1, 2023, at 10:15 A.M., Houston Time in Houston, Texas
Bid Award: Wednesday, March 1, 2023, at 12:00 Noon, Houston Time in Houston, Texas

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an Official Statement with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of duplication costs.

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

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

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

<i>The Issuer</i>	Fort Bend County Municipal Utility District No. 192 (the “District”), a political subdivision of the State of Texas, is located in Fort Bend County, Texas. See “THE DISTRICT.”
<i>The Issue</i>	<p>\$4,450,000 Unlimited Tax Bonds, Series 2023 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors and are authorized pursuant to the election held within the District. See “THE BONDS—Authority for Issuance.” The Bonds will be issued as fully registered bonds maturing in the years and in the amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from the Date of Delivery (as herein defined) and is payable on September 1, 2023, and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See “THE BONDS.”</p> <p>The Bonds maturing on and after September 1, 2030, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2029, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS.”</p>
<i>Source of Payment</i>	The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAX PROCEDURES.” The Bonds are obligations of the District and are not obligations of the State of Texas, Fort Bend County, the City of Sugar Land or any other political subdivision or agency other than the District. See “THE BONDS—Source of and Security for Payment.”
<i>Authority for Issuance</i>	The Bonds are the third series of bonds issued out of an aggregate of \$28,600,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds. The Bonds are being issued pursuant to such authorization. The Texas Commission on Environmental Quality (the “TCEQ” or the “Commission”) has approved the sale of the Bonds for the purposes described in “USE AND DISTRIBUTION OF BOND PROCEEDS.” The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, an Order of the Commission, Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended. See “INVESTMENT CONSIDERATIONS—Future Debt,” “THE BONDS—Authority for Issuance” and “—Issuance of Additional Debt.”
<i>Payment Record</i>	The District has previously issued two series of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities in the principal amount of \$3,915,000 and two series of unlimited tax road bonds for construction of roads and improvements in the aggregate principal amount of \$2,310,000, \$5,740,000 of which collectively remains outstanding as of February 1, 2023 (the “Outstanding Bonds”). The District has never defaulted in the payment of principal and interest on the Outstanding Bonds.
<i>Use of Proceeds</i>	Proceeds from the Bonds will be used to pay for the items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS,” including six (6) months of capitalized interest, Developer interest and certain costs associated with the issuance of the Bonds and certain engineering costs. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Qualified Tax-Exempt Obligations</i>	The Bonds will be designated as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS—Qualified Tax-Exempt Obligations.”

<i>Book-Entry-Only System</i>	The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds, of each series will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. With respect to each series of the Bonds, one fully-registered Bond certificate will be issued of each such series for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Municipal Bond Rating and Municipal Bond Insurance</i>	The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made. <u>The Bonds have qualified for municipal bond insurance and the purchase of municipal bond insurance with an associated rating of at least “AA” from S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC or “Aa” from Moody’s Investors Service is mandatory, at the expense of the Initial Purchaser, including any rating fees associated with the insurance.</u> See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance” and “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”
<i>Bond Counsel</i>	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See “MANAGEMENT,” “LEGAL MATTERS,” and “TAX MATTERS.”
<i>Financial Advisor</i>	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT.”
<i>District Engineer</i>	Quiddity Engineering, LLC, Houston, Texas.
<i>Disclosure Counsel</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

THE DISTRICT

<i>Description</i>	The District was created under Article XVI, Section 59 of the Texas Constitution by Senate Bill 994, as passed by the 81st Texas Legislature on June 19, 2009, and operates in accordance with Chapter 8330 of the Texas Special District Local Laws Code, and Chapters 49 and 54 of the Texas Water Code, as amended. The District is located approximately 30 miles southwest of the central business district of Houston in Fort Bend County, Texas. The District is located east of Macek Road, north of FM 2759 Road, and south of Greatwood Bend Subdivision. Residents gain access to the area within the District from Macek Road and FM 2759 Road. The District consists of approximately 100 acres of land. The District has indicated its intent to annex approximately 7 additional acres of land. A petition requesting the City of Sugar Land’s consent to such annexation has been submitted to the City of Sugar Land. The entire District lies within the extraterritorial jurisdiction of the City of Sugar Land, Texas and the Lamar Consolidated Independent School District.
<i>Status of Development</i>	<p>The District is being developed as Greatwood Lake, a single family residential community. Development in the District currently includes 258 single-family residential lots on approximately 99 acres. As of December 28, 2022, the District consisted of 228 completed homes (228 occupied) and 30 homes under construction or in a builders’ name. The average home value based on the District’s 2022 Certified Taxable Assessed Valuation was \$384,000. According to the Developer, new home prices in the District currently range in price from approximately \$500,000 to \$590,000.</p> <p>All of the developable acreage within the District has been provided with water distribution, sanitary sewer and storm drainage facilities. In addition to the development described above, approximately 1.5 acres have been platted and developed as an amenity center, including open space, walking trails, recreational pool, playground equipment, covered area and bathrooms and approximately 2 acres included in the subdivision plats have been developed as a pocket park. Approximately 18 acres is included in the subdivision plats and is restricted to drainage, landscape and open space purposes and is undevelopable. See “THE DISTRICT.”</p>

<i>Homebuilders</i>	Homebuilders currently building in the District are K. Hovnanian and Princeton Classic Homes (collectively, the “Builders”). See “THE DISTRICT—Status of Development.”
<i>The Developer</i>	The developer of the residential land within the District is Pointe Greatwood, LLC, a Texas limited liability company (the “Developer”) created for the sole purpose of developing the land in the District. The managing member of the Developer is Pointe Land & Development, LLC, a Texas limited liability company. With the consent of the District and pursuant to a development financing agreement, the Developer has financed and, subject to certain conditions, is entitled to be reimbursed for the design and construction of certain water, sanitary sewer, drainage, road and recreational facilities. See “THE DEVELOPER.”
<i>Infectious Disease Outlook (COVID-19)</i>	The purchase and ownership of the Bonds is subject to certain investment considerations, including certain factors related to the current COVID-19 pandemic. See “INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19).”

INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “INVESTMENT CONSIDERATIONS.”

SELECTED FINANCIAL INFORMATION

2022 Certified Taxable Assessed Valuation	\$78,034,967 (a)
Estimated Taxable Assessed Valuation as of December 1, 2022	\$98,425,936 (b)
Gross Debt Outstanding (after the issuance of the Bonds)	\$10,190,000
Estimated Overlapping Debt	<u>5,491,253</u> (c)
Gross Debt and Estimated Overlapping Debt	\$15,681,253 (c)
Ratios of Gross Debt to:	
2022 Certified Taxable Assessed Valuation	13.06%
Estimated Taxable Assessed Valuation as of December 1, 2022	10.35%
Ratios of Gross Debt and Estimated Overlapping Debt to:	
2022 Certified Taxable Assessed Valuation	20.10%
Estimated Taxable Assessed Valuation as of December 1, 2022	15.93%
2022 Tax Rate:	
Debt Service.....	\$0.83
Maintenance and Operations.....	<u>0.62</u>
Total	\$1.45/\$100 A.V.
Average percentage of total tax collections (2017-2021)	100.00%
Projected Maximum Annual Debt Service Requirements (2026)	
of the Outstanding Bonds and the Bonds at an assumed interest rate of 4.25%	
("Maximum Annual Requirement")	\$719,044 (d)
Projected Average Annual Debt Service Requirements (2023-2046)	
of the Outstanding Bonds and the Bonds at an assumed interest rate of 4.25%	
("Average Annual Requirement")	\$635,957 (d)
Tax rate required to pay Maximum Annual Requirement based upon:	
2022 Certified Taxable Assessed Valuation at a 95% collection rate	\$0.97/\$100 A.V. (e)
Estimated Taxable Assessed Valuation as of December 1, 2022 at a 95% collection rate	\$0.77/\$100 A.V. (e)
Tax rate required to pay Average Annual Requirement based upon:	
2022 Certified Taxable Assessed Valuation at a 95% collection rate	\$0.86/\$100 A.V. (e)
Estimated Taxable Assessed Valuation as of December 1, 2022 at a 95% collection rate	\$0.69/\$100 A.V. (e)
Connection Count as of December 28, 2022 (f):	
Single-family residential – completed and occupied	228
Single-family residential – under construction or in a builders' name.....	<u>30</u>
Total	258
Area of District — 100 acres	
Estimated 2022 population — 798 (g)	

- (a) As certified by the Fort Bend Central Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of improvements on December 1, 2022. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District. See "TAX PROCEDURES."
- (c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."
- (d) See "DEBT SERVICE REQUIREMENTS."
- (e) See "TAX DATA—Tax Adequacy for Debt Service."
- (f) See "THE DISTRICT—Status of Development."
- (g) Estimate based on 3.5 persons per occupied home.

PRELIMINARY OFFICIAL STATEMENT

\$4,450,000

FORT BEND COUNTY MUNICIPAL UTILITY DISTRICT NO. 192 *(A political subdivision of the State of Texas located within Fort Bend County)*

UNLIMITED TAX BONDS SERIES 2023

This Official Statement provides certain information in connection with the issuance by Fort Bend County Municipal Utility District No. 192 (the “District”) of its \$4,450,000 Unlimited Tax Bonds, Series 2023 (the “Bonds”).

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas and an order of the Texas Commission on Environmental Quality (the “TCEQ”).

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and Pointe Greatwood, LLC (the “Developer”), the developer of most of the land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

THE BONDS

General

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution 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.

The Bonds will be dated and accrue interest from the Date of Delivery and are payable on each September 1 and March 1 commencing September 1, 2023, until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the principal amounts and in each of the years and accrue interest at the rates shown on the cover page of this OFFICIAL STATEMENT. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof.

Authority for Issuance

At a bond election held within the District on November 5, 2013, the voters of the District authorized the issuance of a total of \$28,600,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds. The Bonds are being issued pursuant to such authorization. See “—Issuance of Additional Debt” herein. The Commission has approved the sale of the Bonds for the purposes described in “USE AND DISTRIBUTION OF BOND PROCEEDS.”

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

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing, direct, annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Fort Bend County, the City of Sugar Land or any entity other than the District.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company NA, Dallas, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

Funds

In the Bond Resolution, the debt service fund is confirmed for water, sanitary sewer, and drainage bonds (the "WSD Debt Service Fund") and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

Six (6) months of capitalized interest shall be deposited into the WSD Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund, to pay the costs of acquiring or constructing District facilities and costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

The District also maintains a Road Debt Service Fund that is not pledged to the outstanding water, sanitary sewer and drainage bonds or the Bonds. Funds in the Road Debt Service Fund are not available to pay principal and interest on the outstanding water, sewer and drainage bonds or the Bonds.

No Arbitrage

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

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

The District reserves the right, at its option, to redeem the Bonds maturing on or after September 1, 2030, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000, on September 1, 2029, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the 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 that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority, to act as Paying Agent/Registrar for the Bonds.

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Issuance of Additional Debt

After issuance of the Bonds, the District will have \$20,235,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding such bonds. The District also has \$17,840,000 principal amount of unlimited tax road bonds for the purpose of constructing roads and related improvements and refunding such bonds authorized but unissued and \$5,900,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and refunding such bonds, all of which are authorized but unissued. The Bond Resolution 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 such bonds, the following actions would be required: (a) approval of a detailed fire plan by the Commission; (b) authorization of the detailed fire plan and bonds for such purpose by the qualified voters in the District; (c) approval of the bonds by the Commission; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered preparing a fire plan or calling an election at this time for such purposes. The District currently has a Fire Protection Agreement with the City.

The District is authorized by statute to construct park and recreational facilities, including the issuing of bonds payable from taxes for such purpose. If the District does issue additional parks bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the District's certified taxable assessed valuation, unless, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District.

Issuance of additional bonds could dilute the investment security for the Bonds.

Strategic Partnership Agreement

The District has entered into a Strategic Partnership Agreement (the "SPA") with the City of Sugar Land to define the terms of annexation by the City. Under the SPA, the City agrees not to annex the District for full purposes until at least 90% of the developable acreage within the District has been developed and the Developer has been reimbursed to the maximum extent permitted by law. Under the SPA, the City of Sugar Land must give the District one year's notice of full annexation after conditions are met. When the District is annexed for full purposes, the District will be dissolved and the City of Sugar Land will assume any debt. However, in lieu of dissolution, the District may exist as a limited district to serve certain limited purposes at the direction of the City. In connection with the SPA, the District entered into a Groundwater Reduction Plan Participation Agreement with the City of Sugar Land for the District's participation in the City of Sugar Land's Groundwater Reduction Plan for compliance with Fort Bend Subsidence District groundwater reduction requirements. The City will also provide fire protection services to the District at a monthly rate pursuant to a Fire Protection Agreement.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Sugar Land, the District must conform to a City of Sugar Land consent ordinance. Generally, the District may be annexed by the City of Sugar Land without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership Agreement," above, for a description of the terms of the Strategic Partnership Agreement between the City and the District.

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

Dissolution of the District

Under Texas law, the District may be dissolved by the City of Sugar Land without the District's consent.

If the District is dissolved, the City of Sugar Land will assume the District's assets and obligations (including the Bonds) and dissolve the District within ninety (90) days thereafter. Prior to dissolution by the City of Sugar Land, the District shall have the opportunity to discharge any obligations of the District by selling its bonds or by causing the City of Sugar Land to sell bonds of the City of Sugar Land in an amount necessary to discharge such obligations. Dissolution of the District by the City of Sugar Land is a policymaking matter within the discretion of the Mayor and the City Council of the City of Sugar Land. Moreover, no representation is made concerning the ability of the City of Sugar Land to make debt service payments should dissolution occur. See "Remedies in Event of Default" below.

Consolidation

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

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

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 might 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.

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds, of each series will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. With respect to each series of the Bonds, one fully-registered Bond certificate will be issued of each such series for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 a rating of "AA+" by 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 purchaser 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, tenders, 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 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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser take any responsibility for the accuracy thereof.

THE DISTRICT

General

Fort Bend County Municipal Utility District No. 192 (the “District”) is a municipal utility district created under Article XVI, Section 59 of the Texas Constitution by Senate Bill 994, as passed by the 81st Texas Legislature on June 19, 2009, and operates under the provisions of Chapter 8330 of the Texas Special District Local Laws Code, Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts. The District is located wholly within the extraterritorial jurisdiction of the City of Sugar Land, Texas (“Sugar Land” or the “City”).

The District is empowered, among other things, to 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 is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the Commission and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts. Additionally, the District is empowered to purchase, construct, and maintain roads and related improvements permitted under the Texas Water Code, and issue bonds for such roads.

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Sugar Land, Texas which, along with Texas law, limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, road, recreational, 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; and require certain public facilities to be designed in accordance with applicable City standards. Construction and operation of the District’s system are subject to the regulatory jurisdiction of additional government agencies. See “WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM.”

Location of District

The District contains approximately 100 acres of land and is located approximately 30 miles southwest of the Central Business District of Houston in Fort Bend County, Texas. The District has indicated its intent to annex approximately 7 additional acres of land. A petition requesting the City of Sugar Land’s consent to such annexation has been submitted to the City of Sugar Land. The District is located east of Macek Road, north of FM 2759 Road, and south of Greatwood Bend Subdivision. Residents gain access to the area within the District from Macek Road and FM 2759 Road. The entire District lies within the extraterritorial jurisdiction of the City of Sugar Land, Texas and the Lamar Consolidated Independent School District. See “AERIAL PHOTOGRAPH” herein.

Land Use

The District is being developed as Greatwood Lake, a single-family residential community. Development of Greatwood Lake began in 2016. The District currently includes approximately 99 developed acres of single-family residential development (258 lots), and all developable land in the District has been provided with water distribution, wastewater collection, and drainage facilities. The table below represents a detailed breakdown of the current acreage and development in the District.

<i><u>Single-Family Residential</u></i>	Approximate <u>Acres</u>	<u>Lots</u>
Greatwood Lake:		
Section 1.....	49	116
Section 2A.....	28	76
Section 2B.....	14	52
Section 3.....	9	14
Subtotal.....	99	258
<i>Recreation Centers/Parks and Open Spaces (a)</i>	1	---
<i>Future Development</i>	0	---
<i>Non-Developable (b)</i>	0	---
	100	258

- (a) A 1.5 acre amenity center tract was platted separately and developed with a recreational pool, playground equipment, covered area and bathrooms, and an approximate 2 acre tract was platted with a single-family plat and has been developed as a pocket park.
- (b) Approximately 18 acres was platted with the single-family residential plats and is restricted to drainage, landscape and open space purposes and is undevelopable.

Status of Development

Single-Family Residential: Home construction in the District began in 2016, and as of December 28, 2022, the District consisted of 228 completed homes (228 occupied) and 30 homes under construction or in a builders' name. The average home value based on the District's 2022 Certified Taxable Assessed Valuation was \$384,000.

Homebuilding and Lot Sales: Homebuilders actively conducting building programs within the District are: K. Hovnanian and Princeton Classic Homes. According to the Developer, new home prices in the District currently range in price from approximately \$500,000 to \$590,000.

Community Facilities: In addition to the development described above, the District has a pocket park and walking trails around the pocket park and detention pond. An amenity center consisting of a recreational pool, playground equipment, covered area, and bathroom has been constructed on approximately 1.5 acres of land in the District and a pocket park has been constructed on approximately 2 acres of land included in the subdivision plats in the District.

Community facilities are available in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities, and other retail and service establishments, are located within two miles of the District along and adjacent to US Highway 69. Fire protection is provided by the City of Sugar Land. Police protection is provided by Fort Bend County. Children residing within the District attend nearby schools within the Lamar Consolidated Independent School District.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. One of the Directors listed below resides within the District, and the other Directors own a small parcel of land within the District subject to a Note and Deed of Trust in favor of the Developer. Directors are elected by the voters within the District for four-year staggered terms. Director elections are held only in even numbered years. The directors and officers of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Darrell Kainer	President	May 2026
Erin B. Ring	Vice President	May 2024
William D. Kee III	Secretary	May 2026
Matt Klein	Asst. Vice President	May 2024
Julio C. Triana	Asst. Secretary	May 2024

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by Fort Bend Central Appraisal District. The District's contracts with Tax Tech, Inc. to serve as Tax Assessor/Collector.

Bookkeeper

The District has engaged Myrtle Cruz, Inc. to serve as the District's bookkeeper.

System Operator

The District contracts with Si Environmental, LLC for maintenance and operation of the District's system.

Engineer

The consulting engineer for the District in connection with the design and construction of the District's facilities is Quiddity Engineering, LLC (the "Engineer").

Attorney

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

Financial Advisor

Masterson Advisors LLC (the “Financial Advisor”) serves as financial advisor to the District. The fees to be paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

Disclosure Counsel

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

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which annual audit is filed with the TCEQ. The District’s financial statements for the fiscal year ending February 28, 2022, were audited by the independent accounting firm of McGrath & Co., PLLC. The District has engaged McGrath & Co., PLLC to audit its financial statements for the fiscal year ending February 28, 2023. See “APPENDIX A” for a copy of the audited financial statement of the District as of February 28, 2022.

THE DEVELOPER

Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the Commission to pave streets (in areas where district facilities are being financed with bonds), a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer’s right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Pointe Greatwood, LLC

The developer of the residential land within the District is Pointe Greatwood, LLC, a Texas limited liability company (the “Developer”) created for the sole purpose of developing the land in the District. The managing member of the Developer is Pointe Land & Development, LLC, a Texas limited liability company. With the consent of the District and pursuant to a development financing agreement, the Developer has financed and, subject to certain conditions, is entitled to be reimbursed by the District for the design and construction of certain water, sanitary sewer, drainage, road and recreational facilities.

Neither the Developer nor any of its affiliates, is obligated to pay principal of or interest on the Bonds. Furthermore, the Developer does not have a binding commitment to the District to carry out any plan of development and the Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District. See “INVESTMENT CONSIDERATIONS.”

ROAD SYSTEM

Outstanding Bond proceeds were used to finance the construction and paving of Macek Road, Magnolia Trail Lane, and Arbor Ranch Drive within the District.

All roadways are designed and constructed in accordance with Fort Bend County (the “County”) and City of Sugar Land, Texas standards, rules and regulations. Upon acceptance by the County or the Texas Department of Transportation (“TxDOT”), as applicable, of roadways or roadway facilities, the County or TxDOT, as applicable, is responsible for operation and maintenance thereof.

These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks and franchise utilities (power, gas, telephone and cable).

WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM

Regulation

According to the Engineer, the District’s water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the “System”) have been designed in accordance with accepted engineering practices and the current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System is required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the City of Sugar Land, Fort Bend County and, in some instances, the Commission. Fort Bend County and the City of Sugar Land also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District to achieve compliance. Additional or revised requirements in connection with any permit for the wastewater treatment plant utilized by the District beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District’s Engineer.

Water Supply and Wastewater Treatment

The District currently obtains its water supply and wastewater treatment from the City of Sugar Land (the “City”) following the annexation and dissolution of the Greatwood Districts, including Fort Bend County Municipal Utility District No. 106 (“MUD No. 106”) in its capacity as master district (the “Master District”) to the participating districts in the system (the “Greatwood Districts”). The District was previously served by the Master District under the Contract for Financing, Operation and Maintenance of Regional Water, Wastewater, and Storm Sewer Facilities dated November 15, 2012, as amended (the “Master District Contract”). The District had 300 connections allocated to it under the Master District Contract. Following the annexation and dissolution of the Master District, the City and the District entered into a Water Supply and Wastewater Services Agreement which was approved on February 2, 2019, under which the Master District Contract was terminated, and the District is being served as an out of city wholesale customer of the City.

The Water Supply and Wastewater Treatment facilities, which are now operated by the City as City facilities, include the following water supply facilities: (i) three 1,500 and one 1,340 gallons-per-minute (“g.p.m.”) water wells, (ii) pumps aggregating 10,750 g.p.m., (iii) one 500,000 gallon ground storage tank and one 1,000,000-gallon ground storage tank, (iv) one 30,000 gallon hydropneumatic tank and one 10,000 gallon hydropneumatic tank, and (v) an auxiliary power source. The Master District previously financed an emergency water interconnection line connecting the Master District’s water supply and distribution system with the water supply and distribution system of the adjoining Plantation Municipal Utility District (“Plantation MUD”). Fort Bend County Municipal Utility District No. 116 also constructed an emergency water interconnection line with the Master District’s water supply and distribution system. According to the City, such water supply facilities provide sufficient capacity to serve the approximate total of 4,615 ESFC for the Greatwood development, including the District.

The District currently obtains wastewater treatment through the City pursuant to the Water Supply and Wastewater Services Agreement as outlined above. The Master District’s permanent wastewater treatment plant, now operated by the City, which currently contains 1,350,000 gallons-per-day capacity, has the ability to serve the total of 4,615 equivalent single-family connections projected for the Greatwood development, including the District upon its full development.

Subsidence and Conversion to Surface Water Supply: The Fort Bend Subsidence District (Subsidence District) was created by the Texas Legislature in 1989. In 2003, the Subsidence District adopted its District Regulatory Plan, and in 2013 the Subsidence District adopted its 2013 Regulatory Plan (Regulatory Plan) to reduce subsidence by regulating the withdrawal of Groundwater within Fort Bend County.

The Regulatory Plan requires groundwater permit holders to limit their groundwater withdrawals to seventy percent of their total water demand by 2014 and forty percent by 2025. A groundwater reduction plan showing how water conversion goals will be accomplished must be submitted by each groundwater permit holder to the Subsidence District. The City has developed a regional Groundwater Reduction Plan (GRP) that meets the Regulatory Plan requirements, which includes participants such as municipal utility districts and communities in the City's extraterritorial jurisdiction (ETJ) and certain private well owners in the City and the ETJ.

The District is a groundwater well permit holder who operates a make-up well permitted by the Subsidence District as of April 2017. As a groundwater well permit holder, the District is required to reduce its groundwater withdrawals and convert a portion of its water supply requirement to an Alternative Water Supply in accordance with the Regulatory Plan.

On March 1, 2017, as required by its SPA with the City, the District entered into a Groundwater Reduction Plan Participation Agreement with the City. Beginning on such date, the District will pay the City, as the GRP Administrator, pumpage fees for water pumped from the well owned by the District, which the City will deposit into its surface water fund in accordance with the GRP. The current pumpage fee that is charged by the City as GRP Administrator is currently \$3.25 per 1,000 gallons of groundwater pumped by the permitted well, plus a 20% out of City service charge. The pumpage fee is expected to increase from time to time at the City's sole discretion.

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the need to continue passing such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. No representation is made that the Authority or the City: (i) will build the necessary facilities to meet the requirements of the Subsidence District for conversion to surface water, (ii) will comply with the Subsidence District's surface water conversion requirements, or (iii) will comply with its GRP.

100-Year Flood Plain: "Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards.

According to the Engineer, approximately 16 acres of land within the District are located within the 100-year flood plain as designated by the most recent FEMA FIRM 48157C0270L dated April 2, 2014. Of such acreage, approximately 9 acres has been developed as single family residential using fill dirt to bring the land out of the 100-year flood plain and upon filing a Letter of Map Revision based on Fill (LOMR-F). The lots were removed from Zone "AE" by the LOMR-F Case No. 19-06-0342A dated December 17, 2018. The remaining acreage is a part of the 18 acres platted with the single-family residential plats and restricted to drainage, landscape and open space purposes, which will remain in the flood plain and will not be developed.

In 2018, the National Weather Service completed a rainfall study known as National Oceanic and Atmospheric Administration ("NOAA") Atlas 14, Volume 11 Precipitation-Frequency Atlas of for 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. At this time, all developable property has been developed.

USE AND DISTRIBUTION OF BOND PROCEEDS

A portion of the proceeds from the sale of the Bonds will be used to pay for the construction costs associated with the items shown below. Additionally, a portion of the proceeds from the sale of the Bonds will be used to pay certain non-construction costs associated with the issuance of the Bonds. The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, \$2,988,325 is estimated for construction costs, and \$1,461,675 is estimated for nonconstruction costs as detailed below:

CONSTRUCTION COSTS

Greatwood Lake, Section 1 Water, Sewer & Drainage.....	\$ 1,274,305
Greatwood Lake, Section 2A Water, Sewer and Drainage.....	1,209,542
Greatwood Lake, Section 2B and 3 Water, Sewer and Drainage...	88,069
Engineering	516,521
Less: Surplus Funds Applied.....	<u>(100,112)</u>

Total Construction Costs

\$ 2,988,325

NON-CONSTRUCTION COSTS

Legal Fees	\$ 126,250
Financial Advisory Fees	85,375
Developer Interest (Estimated).....	881,676
Capitalized Interest (6 Months at Estimated 5.75%).....	127,938
Bond Discount (Estimated at 3.00%).....	133,500
Bond Issuance Expense.....	44,861
Bond Application Report.....	46,500
TCEQ Fee (0.25%).....	11,125
Attorney General Fee.....	<u>4,450</u>

Total Non-Construction Costs

\$ 1,461,675

TOTAL BOND ISSUE

\$ 4,450,000

Future Debt

The Developer has financed or is financing the engineering and construction costs of water, sanitary sewer and drainage facilities to serve Greatwood Lake as well as certain other District improvements. After reimbursement from the Bonds, the Developer will have expended approximately \$1,325,000 (as of February 1, 2023) for design, construction and acquisition of District water, sanitary sewer and drainage facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in whole or in part, to reimburse the Developer for these costs. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District's authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
11/05/2013	Water, Sanitary Sewer and Drainage ("WS&D") and Refunding of WS&D Bonds	\$28,600,000	\$8,365,000*	\$20,235,000*
11/05/2013	Recreational and Refunding of Recreational Bonds	\$5,900,000	\$-0-	\$5,900,000
11/05/2013	Roads and Refunding of Road Bonds	\$20,150,000	\$2,310,000	\$17,840,000

* Includes the Bonds.

FINANCIAL STATEMENT

2022 Certified Taxable Assessed Valuation	\$78,034,967 (a)
Estimated Taxable Assessed Valuation as of December 1, 2022.....	\$98,425,936 (b)
Gross Debt Outstanding (after the issuance of the Bonds).....	\$10,190,000
Ratios of Gross Debt to:	
2022 Certified Taxable Assessed Valuation	13.06%
Estimated Taxable Assessed Valuation as of December 1, 2022.....	10.35%

Area of District — 100 acres
Estimated 2022 Population — 798 (c)

- (a) As certified by the Fort Bend Central Appraisal District (the “Appraisal District”). See “TAX PROCEDURES.”
- (b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of improvements on December 1, 2022. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No taxes will be levied upon such amount until it is certified by the Appraisal District. See “TAX PROCEDURES.”
- (c) Estimate based on 3.5 persons per occupied home.

Cash and Investment Balances (unaudited as of February 1, 2023)

General Fund	Cash and Temporary Investments	\$838,485
Road Capital Projects Fund	Cash and Temporary Investments	\$46,678
Road Debt Service Fund	Cash and Temporary Investments	\$95,621 (a)
Capital Projects Fund	Cash and Temporary Investments	\$101,266 (b)
WSD Debt Service Fund	Cash and Temporary Investments	\$158,011 (a)

- (a) Six (6) months of capitalized interest will be deposited into the WSD Debt Service Fund from Bond proceeds. Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Funds.
- (b) The TCEQ approved the District’s use of surplus funds in the amount of \$100,112 towards the Bonds.

District Investment Policy

The District’s goal is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Funds of the District are invested either in short term U.S. Treasury obligations or certificates of deposit insured by the Federal Deposit Insurance Corporation or secured by collateral held by a third-party institution. The District does not own any long-term securities or derivative products in the District’s investment portfolio.

Outstanding Bonds (as of February 1, 2023)

Series	Original Principal Amount	Outstanding Bonds 2/1/2023
2017 Road	\$ 1,500,000	\$ 1,315,000
2018	2,150,000	1,975,000
2020 Road	810,000	740,000
2022	1,765,000	1,710,000
Total	\$ 6,225,000	\$ 5,740,000

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County.....	\$ 868,746,542	1/31/2023	0.08%	\$ 694,997
Lamar Consolidated ISD.....	1,705,940,000	1/31/2023	0.28%	4,776,632
Fort Bend County Drainage District.....	24,530,000	1/31/2023	0.08%	19,624
Total Estimated Overlapping Debt.....				\$ 5,491,253
The District.....	10,190,000 (a)	Current	100.00%	10,190,000
Total Direct and Estimated Overlapping Debt.....				\$ 15,681,253
Ratio of Estimated Direct and Overlapping Debt to 2022 Certified Taxable Assessed Valuation.....				20.10%
Ratio of Estimated Direct and Overlapping Debt to the Estimated Taxable Assessed Valuation as of December 1, 2022....				15.93%

(a) Includes the Outstanding Bonds and the Bonds.

Overlapping Tax Rates for 2022

	2022 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Fort Bend County (including Drainage District).....	\$ 0.451200
Lamar Consolidated ISD.....	1.242000
Total Overlapping Tax Rate.....	\$ 1.693200
The District.....	1.450000
Total Tax Rate.....	\$ 3.143200

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of January 31, 2023 (a)	
				Amount	Percent
2017	\$ 16,477,762	\$ 1.500	\$ 247,166	\$ 247,166	100.00%
2018	25,248,455	1.500	378,727	378,727	100.00%
2019	33,341,214	1.500	500,118	500,118	100.00%
2020	43,428,769	1.500	651,432	651,432	100.00%
2021	59,129,976	1.500	886,950	886,950	100.00%
2022	78,034,967	1.450	1,131,507	1,053,659	93.12%

(a) Unaudited.

Taxes are due October 1 or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2022	2021	2020	2019	2018
Debt Service	\$ 0.830	\$ 0.700	\$ 0.680	\$ 0.720	\$ 0.740
Maintenance and Operations	0.620	0.800	0.820	0.780	0.760
Total	\$ 1.450	\$ 1.500	\$ 1.500	\$ 1.500	\$ 1.500

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).

Maintenance and Operations: \$1.50 per \$100 of taxable assessed valuation.

Maintenance and Operations for Roads: \$0.25 per \$100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution 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 principal of and interest on the Bonds. The District levied a debt service tax for 2022 in the amount of \$0.83 per \$100 of taxable assessed valuation.

Maintenance and Operations Tax

The Board of Directors 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 November 5, 2013, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation and to also levy a maintenance tax for operation and maintenance of roads in an amount not to exceed \$0.25 per \$100 of assessed valuation. Such maintenance taxes are in addition to taxes which the District is authorized to levy for paying principal of and interest on the District's bonds. For the 2022 tax year, the District levied a tax for maintenance and operations in the amount of \$0.62 per \$100 assessed valuation.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For 2022, the District does not grant any residential homestead exemptions.

Additional Penalties

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

Principal Taxpayers

The following list of principal taxpayers was provided by the District's tax assessor/collector and represents the principal taxpayers' value as a percentage of the 2022 Certified Taxable Assessed Valuation of \$78,034,967. This represents ownership as of January 1, 2022. A principal taxpayer list related to the Estimated Taxable Assessed Valuation as of December 1, 2022, of \$98,425,936, is not available from the Appraisal District.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2022 Certified Taxable Assessed Valuation</u>	<u>2022 Certified Taxable Assessed Valuation</u>
Camillo ML 2022 TRM SFR LLC (a)	Land & Improvements	\$ 2,940,460	3.77%
Legend Classic Homes Ltd. (b)	Land, Improvements & Personal Property	1,736,410	2.23%
Individual	Land & Improvements	835,830	1.07%
Individual	Land & Improvements	536,970	0.69%
Individual	Land & Improvements	508,010	0.65%
Individual	Land & Improvements	501,630	0.64%
Individual	Land & Improvements	497,390	0.64%
Individual	Land & Improvements	496,920	0.64%
Individual	Land & Improvements	496,200	0.64%
Individual	Land & Improvements	492,120	0.63%
Total		\$ 9,041,940	11.59%

- (a) Consists of approximately 7 single-family homes being leased to residents of the District. See "INVESTMENT CONSIDERATIONS—Rental Homes."
- (b) Homebuilder doing business as Princeton Classic Homes. See "THE DISTRICT."

Summary of Assessed Valuation

The following summary of the 2020, 2021 and 2022 Certified Taxable Assessed Valuations are provided by the District's Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2020, 2021 and 2022 tax rolls of the District. Differences in totals may vary slightly from other information herein due to differences in dates of data. A breakdown related to the Estimated Taxable Assessed Valuation as of December 1, 2022, of \$98,425,936 is not included herein.

	<u>2022 Taxable Valuation</u>	<u>2021 Taxable Valuation</u>	<u>2020 Taxable Valuation</u>
Land	\$ 21,769,000	\$ 18,091,000	\$ 16,030,390
Improvements	65,954,591	42,007,282	27,740,822
Personal Property	283,310	219,090	250,970
Exemptions	(9,971,934)	(1,187,396)	(593,413)
Total Certified	<u>\$ 78,034,967</u>	<u>\$ 59,129,976</u>	<u>\$ 43,428,769</u>

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2022 Certified Taxable Assessed Valuation or Estimated Taxable Assessed Valuation as of December 1, 2022, no use of available funds, and utilize tax rates necessary to pay the District's average annual debt service requirements on the Outstanding Bonds and the Bonds. See "INVESTMENT CONSIDERATIONS—Impact on District Tax Rates" and "DEBT SERVICE REQUIREMENTS."

Average annual debt service requirement (2023-2046) \$635,957

\$0.86 tax rate on the 2022 Certified Taxable Assessed Valuation
of \$78,034,967 at a 95% collection rate produces \$637,546

\$0.69 tax rate on the Estimated Taxable Assessed Valuation as of December 1, 2022
of \$98,425,936 at a 95% collection rate produces \$645,182

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of December 1, 2022, for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of its attainment. See "TAX PROCEDURES."

TAX PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Fort Bend County, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the District

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

residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty, subject to certain conditions, entitled to a total tax exemption on such surviving spouse's residence homestead. If the surviving spouse changes homesteads, but does not remarry, then the amount of the exemption as of the last year of the first qualifying residential homestead is applicable to the subsequent homesteads. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code 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 from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted before July 1.

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for fewer than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit 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. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its fair market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land, and timberland.

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in 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 District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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 (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

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

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units: Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, 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 Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District is designated as a "Developing District" for the 2022 tax year. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2021." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS."

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WATER AND SEWER OPERATIONS

General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds or the Outstanding Bonds.

Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements for fiscal years February 28, 2019 through 2022, and an unaudited summary for the eleven month period ending January 31, 2023 prepared by the District's Bookkeeper. Reference is made to such statements and records for further and more complete information.

	3/1/2022 to 1/31/2023 (a)	Fiscal Year Ended February 28			
		2022	2021	2020	2019
Revenues					
Property Taxes	\$ 465,100	\$ 468,485	\$ 355,049	\$ 220,726	\$ 193,705
Water Service	103,101	73,498	75,257	50,102	44,811
Sewer Service	66,793	44,807	35,879	26,760	23,116
Fire Service	51,420	50,437	41,876	30,965	24,957
Penalties and Interest	4,697	2,487	2,259	2,255	2,404
Tap Connection and Inspection Fees	51,027	25,305	66,878	43,880	10,545
Surface Water Fees	143,617	87,802	79,418	56,494	44,175
Investment Earnings	7,282	127	303	1,358	204
Total Revenues	\$ 893,037	\$ 752,948	\$ 656,919	\$ 432,540	\$ 343,917
Expenditures					
Professional Fees	\$ 127,227	\$ 90,725	\$ 82,402	\$ 84,053	\$ 80,698
Contracted Services	139,936	119,733	132,701	94,511	61,204
Repairs and Maintenance	102,691	117,918	109,007	75,134	74,749
Utilities	1,319	1,475	1,153	925	806
Regional Water Authority Fees	-	-	-	46,652	40,410
Administrative	43,276	31,700	29,194	18,690	17,002
Purchased Services	222,658	157,192	154,609	43,278	44,085
Other	1,801	3,881	4,055	3,180	725
Total Expenditures	\$ 638,908	\$ 522,624	\$ 513,121	\$ 366,423	\$ 319,679
Revenues Over (Under) Expenditures	\$ 254,128	\$ 230,324	\$ 143,798	\$ 66,117	\$ 24,238
Fund Balance (Beginning of Year)	\$ 656,545	\$ 426,221	\$ 282,423	\$ 216,306	\$ 192,068
Fund Balance (End of Year)	\$ 910,673	\$ 656,545	\$ 426,221	\$ 282,423	\$ 216,306

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

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and the estimated debt service requirements for the Bonds at an assumed interest rate of 4.25% per annum. This schedule does not reflect the fact that an amount equal to six (6) months of interest will be capitalized from proceeds of the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2023	\$ 392,994		\$ 78,802	\$ 78,802	\$ 471,796
2024	396,238	\$ 130,000	189,125	319,125	715,363
2025	393,944	140,000	183,600	323,600	717,544
2026	391,394	150,000	177,650	327,650	719,044
2027	388,606	150,000	171,275	321,275	709,881
2028	385,544	150,000	164,900	314,900	700,444
2029	388,881	155,000	158,525	313,525	702,406
2030	381,544	160,000	151,938	311,938	693,481
2031	389,206	160,000	145,138	305,138	694,344
2032	381,331	170,000	138,338	308,338	689,669
2033	383,456	175,000	131,113	306,113	689,569
2034	384,956	180,000	123,675	303,675	688,631
2035	380,994	190,000	116,025	306,025	687,019
2036	376,831	200,000	107,950	307,950	684,781
2037	382,400	210,000	99,450	309,450	691,850
2038	371,825	220,000	90,525	310,525	682,350
2039	371,150	230,000	81,175	311,175	682,325
2040	364,850	240,000	71,400	311,400	676,250
2041	363,350	240,000	61,200	301,200	664,550
2042	361,388	240,000	51,000	291,000	652,388
2043	359,075	240,000	40,800	280,800	639,875
2044	130,838	240,000	30,600	270,600	401,438
2045	97,375	240,000	20,400	260,400	357,775
2046	-	240,000	10,200	250,200	250,200
Total	\$ 8,218,169	\$ 4,450,000	\$ 2,594,802	\$ 7,044,802	\$ 15,262,971

Average Annual Debt Service Requirements (2023-2046).....\$635,957
Maximum Annual Debt Service Requirements (2026)\$719,044

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the City of Sugar Land, Fort Bend County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that taxable property within the District will maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies" within.

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 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. The Governor retains the right to impose additional restrictions on activities if needed in order 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 any 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 reinstitution of restrictions.

Potential Effects of Oil Price Volatility 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 or homebuilding activity within the District. The District cannot predict the impact that negative conditions in the oil and gas industry could have on property values in the District.

Extreme Weather Events

The greater Houston 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 greater Houston 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 25, 2017, and brought historic levels of rainfall during the successive four days.

According to the Engineer and Operator, the District's System did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. According the Developer, to the best of their knowledge, no homes within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

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

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of from single-family residences and developed lots which are owned by the Developer or homebuilders. The market value of such properties is related to general economic conditions affecting the demand for properties. Demand for commercial projects and lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates, at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 30 miles from the central downtown business district of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and a decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of or reduce the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is approximately 30 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the southwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the homebuilders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects 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 or the Builders will be implemented or, if implemented, will be successful.

Rental Homes

According to the 2022 tax roll, approximately 3.77% of currently completed homes in the District are considered rental properties. Such properties (7 homes as of the January 1, 2022 certified roll) are owned by Camillo ML 2022 TRM SFR LLC and leased to residents in the District. The owners of these rental properties are responsible for the payment of property taxes and maintenance of the homes. See "TAX DATA—Principal Taxpayers."

Dependence on Major Taxpayers

The ten principal taxpayers represent \$9,041,941 (11.59%) of the 2022 Certified Taxable Assessed Valuation of \$78,034,967. This represents ownership as of January 1, 2022. A principal taxpayer list related to the Estimated Assessed Valuation as of December 1, 2022 (\$98,425,936) is currently not available. If a principal taxpayer were to default in the payment of taxes in an amount which exceeds the District's debt service fund surplus available for payment of the Bonds, 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 force the District to levy a high tax rate to pay principal and interest on its debt, thereby hindering growth and leading to further defaults in the payment of taxes. The District is not required by law or the Bond Resolution to maintain any specified amount of surplus in its debt service fund. See "Tax Collection Limitations" in this section, "TAX DATA—Principal Taxpayers," "TAX PROCEDURES—Levy and Collection of Taxes."

Impact on District Tax Rate

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2022 Certified Taxable Assessed Valuation of the District (see "FINANCIAL STATEMENT") is \$78,034,967. After issuance of the Bonds, the maximum annual debt service requirement will be \$719,044 (2026) and the average annual debt service requirement will be \$635,957 (2023-2046). Assuming no increase or decrease from the 2022 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$0.97 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement of \$719,044 and a tax rate of \$0.86 per \$100 assessed valuation at a 95% collection rate would be necessary to pay the average annual debt service requirement of \$635,957. See "DEBT SERVICE REQUIREMENTS." The Estimated Taxable Assessed Valuation as of December 1, 2022, within the District is \$98,425,936. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of December 1, 2022, and no use of funds other than tax collections, tax rates of \$0.77 and \$0.69 per \$100 assessed valuation would be necessary to pay the maximum annual requirement and average annual requirement, respectively. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2022 Certified Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of December 1, 2022, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District's assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See "TAX PROCEDURES" and "TAX DATA—Tax Adequacy for Debt Service."

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining \$20,235,000 principal amount of authorized and unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding of such bonds after the issuance of the Bonds. The District may also issue the remaining \$17,840,000 principal amount of authorized and unissued unlimited tax road bonds for the purpose of constructing roads and related improvements and refunding of such bonds, and the remaining \$5,900,000 principal amount of authorized and unissued unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and refunding of such bonds. The District may issue additional bonds approved by District voters in future elections. The District anticipates selling additional bonds in the future. See "THE BONDS—Issuance of Additional Debt" and "THE WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM." The issuance of such obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of Directors of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities and recreational facilities, but not road facilities, must be approved by the Commission.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. 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. The 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 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 "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay, or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the 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.

A district may not be forced into bankruptcy involuntarily.

Environmental Regulations

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

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

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

Air Quality Issues: Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston-Galveston-Brazoria area (“HGB Area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under 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 non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district’s ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on 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.

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule (“CWR”) aimed at redefining “waters of the United States” over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction.

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,” and on December 7, 2021, the proposed rule was published in the Federal Register, with the public comment period closing on February 7, 2022. 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.

Continuing Compliance with Certain Covenants

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

Marketability

The District has no agreement 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 of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market.

Changes in Tax Legislation

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

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied by the District, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the “Code”)) for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “THE DISTRICT—General,” “WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM—Water Supply and Wastewater Treatment,” “TAX PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel’s limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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

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

No Material Adverse Change

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

No-Litigation Certificate

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

TAX MATTERS

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

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

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

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

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

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

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Qualified Tax-Exempt Obligations

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

The District will designate the Bonds as "qualified tax-exempt obligations" and will represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2023 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2023.

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

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made.

The Bonds have qualified for municipal bond insurance and the purchase of municipal bond insurance with an associated rating of at least "AA" from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC or "Aa" from Moody's Investors Service is mandatory, at the expense of the Initial Purchaser, including any rating fees associated with the insurance. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by _____ (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of _____% of the principal amount thereof which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC, is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC, has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

"THE DISTRICT" -Pointe Greatwood, LLC ("Developer"), Quiddity Engineering, LLC ("Engineer"), and Records of the District ("Records"); "THE DEVELOPER" -Developer; "ROAD SYSTEM" - Engineer; "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM" -Engineer; "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED" -Records; "FINANCIAL STATEMENT" -Fort Bend Central Appraisal District and Tax Tech, Inc., Tax Assessor/Collector; "ESTIMATED OVERLAPPING DEBT STATEMENT" - Municipal Advisory Council of Texas and Financial Advisor; "TAX DATA" -Tax Tech, Inc.; "MANAGEMENT" -District Records; "DEBT SERVICE REQUIREMENTS"-Financial Advisor; "THE BONDS," "TAX PROCEDURES," and "LEGAL MATTERS" -Allen Boone Humphries Robinson LLP.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

Engineer: The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT," "ROAD SYSTEM," and "WATER SUPPLY AND WASTEWATER TREATMENT SYSTEM" has been provided by Quiddity Engineering, LLC, Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the Fort Bend Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Fort Bend County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Tax Tech, Inc., and is included herein in reliance upon such firm's authority as an expert in assessing and collecting taxes.

Auditor: The District's financial statements for the fiscal year ending February 28, 2022, were audited by McGrath & Co., PLLC. See APPENDIX A for a copy of the District's audited financial statements for the fiscal year ended February 28, 2022.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "WATER AND SEWER OPERATIONS" has been prepared by Myrtle Cruz, Inc. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement 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 are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the Registered and Beneficial Owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL STATEMENT," "TAX DATA," and "DEBT SERVICE REQUIREMENTS" and in APPENDIX A (Financial Statements of the District and certain supplemental schedules). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2023. Any financial statements provided by the District shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation 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 year to the MSRB within such six-month period and audited financial statements when the audit becomes available.

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

Specified Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the “Rule”). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating 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 foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified 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 or Beneficial Owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered and Beneficial Owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser from lawfully purchasing the Bonds in the initial offering. 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

During the last five years, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Fort Bend County Municipal Utility District No. 192, as of the date shown on the cover page.

/s/ _____
President, Board of Directors
Fort Bend County Municipal Utility District No. 192

ATTEST:

/s/ _____
Secretary, Board of Directors
Fort Bend County Municipal Utility District No. 192

AERIAL PHOTOGRAPH
(Approximate boundaries of the District as of February 2023)

PHOTOGRAPHS OF THE DISTRICT
(Taken February 2023)

APPENDIX A

District Audited Financial Statements for the fiscal year ended February 28, 2022