

**BRAZORIA COUNTY MUNICIPAL
MUNICIPAL UTILITY DISTRICT NO. 24**
(Brazoria County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: AUGUST 21, 2025

\$3,130,000
UNLIMITED TAX BONDS
SERIES 2025

BIDS DUE: 10:00 A.M., HOUSTON TIME
BONDS AWARDED: 12:00 NOON, HOUSTON TIME
THURSDAY, SEPTEMBER 4, 2025
HOUSTON, TEXAS



PRELIMINARY OFFICIAL STATEMENT DATED JULY 17, 2025

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

The Bonds will be designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

\$3,130,000

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
(A Political Subdivision of the State of Texas located within Brazoria County, Texas)
UNLIMITED TAX BONDS, SERIES 2025**

Dated Date: September 15, 2025

Due: September 1, as shown on inside cover

Interest to Accrue from: Date of Delivery

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Houston, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the date of initial delivery (expected September 30, 2025) (the "Date of Delivery"), and is payable on September 1, 2026, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

The Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of Brazoria County Municipal Utility District No. 24 (the "District"), as a whole or in part, on September 1, 2030, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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 "THE BONDS – Book-Entry- Only System."

See Maturity Schedule on the inside cover

The Bonds constitute the second series of bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District. THE BONDS ARE SUBJECT TO SPECIAL RISK FACTORS DESCRIBED HEREIN. SEE "RISK FACTORS." Voters in the District authorized a total of \$210,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing the System and for refunding such bonds, \$40,800,000 principal amount of unlimited tax bonds for the purpose of constructing roads and refunding such bonds, \$16,200,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing recreational facilities and refunding such bonds, \$54,900,000 for refunding purposes only, and \$300,000 principal amount of unlimited tax bonds for the purpose of fire-fighting facilities. Following the issuance of the Bonds, \$200,610,000 principal amount of unlimited tax bonds for the acquisition or construction of the System and refunding such bonds, all \$40,800,000 principal amount of unlimited tax bonds for constructing roads and refunding such bonds, all \$54,900,000 for refunding purposes only, all \$16,200,000 principal amount of unlimited tax bonds for recreational facilities and refunding such bonds, and all \$300,000 principal amount of unlimited tax bonds for the purpose of fire-fighting facilities will remain authorized but unissued. See "THE BONDS – Issuance of Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment." Neither the State of Texas, the City of Alvin, Texas, Brazoria County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Alvin, Texas, or Brazoria County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about September 30, 2025.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE

CUSIP Prefix (a): 10605R

<u>Maturity (September 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Suffix (a)</u>
2027	\$30,000			
2028	30,000			
2029	40,000			
2030	45,000			
2031 (c)	45,000			
2032 (c)	55,000			
2033 (c)	55,000			
2034 (c)	65,000			
2035 (c)	65,000			
2036 (c)	75,000			
2037 (c)	75,000			
2038 (c)	80,000			
2039 (c)	85,000			
2040 (c)	90,000			
2041 (c)	95,000			
2042 (c)	95,000			
2043 (c)	105,000			
2044 (c)	110,000			
2045 (c)	115,000			
2046 (c)	120,000			
2047 (c)	130,000			
2048 (c)	130,000			
2049 (c)	140,000			
2050 (c)	150,000			
2051 (c)	155,000			
2052 (c)	165,000			
2053 (c)	170,000			
2054 (c)	615,000			

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- (a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriter (as defined herein) take any responsibility for the accuracy of CUSIP numbers.
- (b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed.
- (c) Subject to optional redemption as described on the front cover.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

Neither the District nor the Underwriters make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "RISK FACTORS" in this Official Statement, as well as additional factors beyond the District's control. The important risk factors and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by _____ (referred to herein as the "Underwriter" or the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of _____% of the principal amount thereof, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

The District has no control over the 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.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

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

Securities Laws

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

Municipal Bond Insurance and Rating

Applications have been made to Assured Guaranty (“AG”) and Build America Mutual Assurance Company (“BAM”) to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings. As is stated in this Official Notice of Sale under the caption “NO MATERIAL ADVERSE CHANGE,” if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer’s creditworthiness by any rating agency does not and will not in any manner affect the District’s financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District’s financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds. The District has made no application for an underlying municipal bond rating of the Bonds, nor is it expected that the District would have been successful in receiving an investment grade rating had such an application been made.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	Brazoria County Municipal Utility District No. 24 (the “District”), a political subdivision of the State of Texas, is located in Brazoria County, Texas. See “THE DISTRICT.”
The Issue.....	Brazoria County Municipal Utility District No. 24 Unlimited Tax Bonds, Series 2025, in the aggregate principal amount of \$3,130,000 (the “Bonds”) are dated September 15, 2025, and interest on the Bonds accrues from the Date of Delivery (as defined herein), at the rates shown on the inside cover page hereof, with interest payable on September 1, 2026, and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds mature on September 1 in each of the years and in the amounts shown on the inside cover page of this Official Statement. The Bonds scheduled to mature on and after September 1, 2031, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2030, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. The Bonds will be issued pursuant to a Bond Resolution (the “Bond Resolution”) adopted by the Board of Directors of the District. The Bonds are being issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas under the authority of Chapters 49 and 54 of the Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality (the “TCEQ”) and an election held within the District.
Book-Entry-Only System.....	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see “THE BONDS - Book-Entry-Only System”).
Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See “THE BONDS - Source of Payment,” “TAX DATA - Tax Rate Calculations,” and “RISK FACTORS - Maximum Impact on District Tax Rates.” The Bonds are obligations of the District, and are not obligations of the State of Texas, Brazoria County, Texas, the City of Alvin, Texas, or any entity other than the District.

Other Characteristics	The Bonds are issued in fully registered form, without coupons, in the denomination of \$5,000 each, or any integral multiple thereof.
Use of Bond Proceeds	Proceeds of the sale of the Bonds will be used by the District to (i) finance the District's cost of (a) acquisition or construction of underground water distribution, wastewater collection and storm drainage facilities to serve Martha's Vineyard, Section 1, and the remaining costs for Martha's Vineyard, Section 2; and (b) land acquisition costs; (ii) pay interest on advances made on behalf of the District; (iii) pay Impact Fees to the City of Alvin; and (iv) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), engineering fees, costs associated with the operation of the District, and certain financing costs related to the issuance of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds."
Payment Record	The District has previously issued Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds" or the "Prior Bonds"). The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, the principal amount of the Prior Bonds that has not been previously retired by the District is \$6,260,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's bonded indebtedness, consisting of the Outstanding Bonds and the Bonds, will be \$9,390,000. See "THE BONDS - Outstanding Bonds and Payment Record." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance," and - "Issuance of Additional Debt," "THE SYSTEM," and "RISK FACTORS - Future Debt."
Qualified Tax-Exempt Obligations	The Bonds will be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax-Exempt Obligations."
Authorized But Unissued Bonds.....	\$200,610,000 bonds for waterworks, wastewater and drainage facilities and for refunding such bonds, \$16,200,000 for recreational facilities and for refunding such bonds, \$40,800,000 for constructing roads and for refunding such bonds, \$300,000 bonds for fire-fighting facilities and \$54,900,000 of refunding bonds will remain authorized but unissued after issuance of the Bonds. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "THE SYSTEM" and "RISK FACTORS-Future Debt."

Municipal Bond Insurance and Rating

Applications have been made to Assured Guaranty (“AG”) and Build America Mutual Assurance Company (“BAM”) to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings. As is stated in this Official Notice of Sale under the caption “NO MATERIAL ADVERSE CHANGE,” if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer’s creditworthiness by any rating agency does not and will not in any manner affect the District’s financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District’s financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds. The District has made no application for an underlying municipal bond rating of the Bonds, nor is it expected that the District would have been successful in receiving an investment grade rating had such an application been made.

Legal Opinion

Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS.”

THE DISTRICT

Description

The District, a political subdivision of the State of Texas, was created by Order of the TCEQ, dated August 27, 2004. The District contains approximately 742.3891 acres of land. The District is located entirely within the extraterritorial jurisdiction of the City of Alvin, Texas (the “City”). The District is located approximately 34 miles southeast of the central business district of Houston, Texas. The District is located generally at the intersection of State Highway 6 and State Highway 35. The District lies within the Alvin Independent School District. See “THE DISTRICT - General” and - “Description,” and “APPENDIX A - LOCATION MAP.”

The District obtains water and sewer service from the City. The City and Lesco Enterprises, Inc. (the initial developer of land in the District) entered into a Utility Services Contract (the “Utility Agreement”), to provide water and wastewater trunk facilities (the “Trunk Facilities”) to serve the District. The District approved and assumed the Utility Agreement on February 4, 2016. In consideration of the District acquiring and constructing the Trunk Facilities on behalf of the City, the City agreed, pursuant to the terms and conditions of the Utility Agreement, to own and operate the Trunk Facilities.

Authority

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

Development and Home Construction.....

As of July 1, 2025, the District contained 314 fully developed single-family residential lots on which 277 homes have been constructed, including 263 completed homes and 14 homes under construction. According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage/detention facilities and street paving have been completed to serve the 314 single family residential lots located in Martha's Vineyard, Sections 1 through 3 (approximately 60.24 total acres) in the District. See “DEVELOPMENT AND HOME CONSTRUCTION.”

The current primary developer of land within the District is R. West Development Co., Inc., a Texas corporation (“R. West” or the “Developer”). The Developer has completed the development of such 314 single family residential lots located in the District. Martha's Vineyard LLC, an affiliate of the Developer, owns approximately 18.05 acres of undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future commercial development, on 2.2 acres of which a gas station has been constructed. Golf Land Inc. owns approximately 289.64 acres located within the District that are available for future development. Harris County Flood Control District owns approximately 329.6 acres located within the District. The remaining acreage of the District is comprised of streets, drainage easements and open space. Since no party, including the Developer, Martha's Vineyard LLC, or Golf Land Inc., is under any obligation to the District to undertake the development of any currently undeveloped portion of the District, the District can make no representation as to when, or whether, the undeveloped portions of the District might be developed.

The District is financing the acquisition or construction of underground water distribution, wastewater collection, and storm drainage facilities, including land acquisition, to serve Martha's Vineyard, Sections 1 and 2 with a portion of the proceeds of the sale of the Bonds. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future.

Developer and Other Principal Landowners.....

The current primary developer of land within the District is R. West Development Co., Inc., a Texas corporation (“R. West” or the “Developer”). The Developer has completed the development of 314 single family residential lots located in Martha's Vineyard, Sections 1 through 3 (approximately 60.24 total acres). Martha's Vineyard LLC, an affiliate of the Developer, owns approximately 18.05 acres of undeveloped land located within the District that are available for future

development, all of which it expects to be utilized for future commercial development, on 2.2 acres of which a gas station has been constructed.

Golf Land Inc. owns approximately 289.64 acres located within the District that are available for future development. Harris County Flood Control District owns approximately 329.6 acres located within the District. The remaining acreage of the District is comprised of streets, drainage easements and open space.

Builders

According to R. West, Century Homes is currently constructing homes in Martha's Vineyard that range in size from approximately 1,848 to 2,653 square feet of living area and in sales price from approximately \$330,990 to \$406,990.

According to R. West, Castlerock Homes is currently constructing homes in Martha's Vineyard that range in size from approximately 1,801 to 4,052 square feet of living area and in sales price from approximately \$325,990 to \$529,990.

Century Homes and Castlerock Homes are herein referred to as the "Builders." The Builders may change the types, sizes and sales prices of the homes which they choose to construct within the District entirely within their discretion, or may suspend home construction activity entirely.

RISK FACTORS

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

**SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2024 Assessed Valuation	\$	76,541,248 (a)
(As of January 1, 2024)		
See "TAX DATA" and "TAXING PROCEDURES"		
2025 Assessed Valuation	\$	90,926,296 (b)
(As of January 1, 2025)		
See "TAX DATA" and "TAXING PROCEDURES"		
Estimated Valuation as of July 1, 2025	\$	98,443,092 (c)
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Outstanding Bonds.....	\$	6,260,000
The Bonds		<u>3,130,000</u>
The Total.....		9,390,000 (d)
Estimated Overlapping Debt	\$	<u>5,048,845</u>
Total Direct and Estimated Overlapping Debt	\$	14,438,845
Direct Debt Ratio		
: as a percentage of 2024 Assessed Valuation.....		12.27 %
: as a percentage of 2025 Assessed Valuation.....		10.33 %
: as a percentage of Estimated Valuation as of July 1, 2025		9.54 %
Direct and Overlapping Debt Ratio		
: as a percentage of 2024 Assessed Valuation.....		18.86 %
: as a percentage of 2025 Assessed Valuation.....		15.88 %
: as a percentage of Estimated Valuation as of July 1, 2025		14.67 %
Debt Service Fund Balance as of July 17, 2025	\$	476,140 (e)
General Fund Balance as of July 17, 2025	\$	2,078,949
2024 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.58
Maintenance Tax.....		<u>0.67</u>
Total	\$	1.25 (f)
Average Percentage of Total Tax Collections (2017-2023) as of June 30, 2025.....		99.99 %
Percentage of 2024 Total Tax Collections as of June 30, 2025		99.01 %
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2054).....	\$	644,413
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027)	\$	648,525

Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual
Debt Service Requirements on the Bonds and the Outstanding Bonds
(2026-2054) at 95% Tax Collections

Based Upon 2024 Assessed Valuation.....	\$	0.89
Based Upon 2025 Assessed Valuation.....	\$	0.75
Based Upon Estimated Valuation as of July 1, 2025	\$	0.69

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual
Debt Service Requirements on the Bonds and the Outstanding Bonds
(2027) at 95% Tax Collections

Based Upon 2024 Assessed Valuation.....	\$	0.90
Based Upon 2025 Assessed Valuation.....	\$	0.76
Based Upon Estimated Valuation as of July 1, 2025	\$	0.70

Number of Single Family Homes (including 14 homes under construction) 277

- (a) As of January 1, 2024, and comprises the District's 2024 tax roll. All property located in the District is valued on the tax rolls by the Brazoria County Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Brazoria County Appraisal Review Board (the "Appraisal Review Board"). See "RISK FACTORS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
- (b) As of January 1, 2025, and comprises the District's 2025 tax roll. Such sum includes an uncertified component of \$982,328, which is included in the amount of \$90,926,296. The District's ultimate 2025 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Board, and thus may vary from such sum of \$90,926,296. See "RISK FACTORS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of July 1, 2025, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2025, through June 30, 2025. The ultimate Assessed Valuation of any land and improvements added from January 1, 2025, through June 30, 2025, which will be placed on the District's 2026 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2026.
- (d) In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt" and - "Use and Distribution of Bond Proceeds," "FUTURE DEVELOPMENT," "THE SYSTEM" and "RISK FACTORS - Future Debt."
- (e) Neither Texas law nor the Bond Resolutions require the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2025. The District's remaining payments for 2025, which are due on September 1, 2025, total \$176,169. The District's initial debt service payment on the Bonds is due on September 1, 2026, and consists of an interest payment thereon.
- (f) The District levied a debt service tax in 2024 in the amount of \$0.58 per \$100 of Assessed Valuation plus a maintenance tax of \$0.67 per \$100 of Assessed Valuation, for a combined total tax for 2024 of \$1.25 per \$100 of Assessed Valuation. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2024 tax levies of all units of government which levy taxes against the property located within the District, plus the 2024 tax of the District is \$3.106993 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of many municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of many municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "RISK FACTORS - Factors Affecting Taxable Values and Tax Payments."

\$3,130,000
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
UNLIMITED TAX BONDS
SERIES 2025

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Brazoria County Municipal Utility District No. 24 (the “District”) of its \$3,130,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality (the “TCEQ”), an election held within the District (see “THE BONDS - Authority for Issuance”), and a resolution authorizing issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

RISK FACTORS

General

The Bonds, and the Outstanding Bonds, which are obligations solely of the District and not of the State of Texas, Brazoria County, Texas, the City of Alvin, Texas, or any political subdivision or agency other than the District, are secured by the proceeds an annual ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See “THE BONDS - Source of Payment” and - “Registered Owners' Remedies,” and “Tax Collection Limitations” and “Registered Owners' Remedies and Bankruptcy” below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of single-family residences that have been constructed within the District, of the single-family residential lots that have been developed by the Developer of the District and of the developed lots which have been sold by the Developer to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for residences of this type can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban center toward which the marketing of homes and commercial enterprises is directed. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Fluctuations in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing as well

as the value of existing homes (see “Potential Effects of Oil Price Volatility on the Houston Area” below). Decreased levels of home construction activity would restrict the growth of property values in the District. Although development of the District has occurred to date as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION,” and “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS,” and home construction has occurred to date as described under the caption “BUILDERS,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. See “FUTURE DEVELOPMENT.”

National Economy: The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although development of the District has occurred as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION” and “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS,” and home construction has occurred to date as described under the caption “BUILDERS,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. See “FUTURE DEVELOPMENT.” The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgages and development funding have a direct impact on development and homebuilding activity, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale. 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 development and/or home construction within the District. In addition, since the District is located approximately 34 miles southeast from the central downtown business district of the City 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 further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans in the District and restrain the growth of the District’s property tax base.

Developer/Builder/Land Owner Obligation to the District: Century Land Holdings of Texas LLC owns property the combined 2024 Assessed Valuation of which is \$1,569,190, or approximately 2.05% of the District’s 2024 tax roll. Sandhurst Investments LLC owns property the 2024 Assessed Valuation of which is \$1,538,020, or approximately 2.01% of the District’s 2024 tax roll. Martha’s Vineyard LLC owns property the 2024 Assessed Valuation of which is \$1,114,670, or approximately 1.46% of the District’s 2024 tax roll. No other taxpayer owns property the 2024 Assessed Valuation of which exceeds 1.38% of the District’s 2024 tax roll. See “DEVELOPMENT AND HOME CONSTRUCTION,” “DEVELOPER AND OTHER PRINCIPAL LAND OWNERS,” “BUILDERS” and “TAX DATA - Principal 2024 Taxpayers.” The ability of Century Land Holdings of Texas LLC, Sandhurst Investments LLC, Martha’s Vineyard LLC or any other principal taxpayer within the District to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. There is no commitment by or legal requirement of Century Land Holdings of Texas LLC, Sandhurst Investments LLC, Martha’s Vineyard LLC or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of the Builders or any other home building company to proceed at any particular pace with the construction of homes in the District, and there is no restriction on any landowner’s right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See “FUTURE DEVELOPMENT.”

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The District's 2024 Assessed Valuation is \$76,541,248. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be \$648,525 (2027) and the Average Annual Debt Service Requirements will be \$644,413 (2026 through 2054, inclusive). Assuming no increase to nor decrease from the 2024 Assessed Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of \$0.90 and \$0.89 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District's 2025 Assessed Valuation is \$90,926,296. Assuming no increase to nor decrease from the 2025 Assessed Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of \$0.76 and \$0.75 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District's Estimated Valuation as of July 1, 2025, is \$98,443,092. Assuming no increase to nor decrease from the Estimated Valuation as of July 1, 2025, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of \$0.70 and \$0.69 per \$100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively.

The District levied a debt service tax in 2024 in the amount of \$0.58 per \$100 of Assessed Valuation plus a maintenance tax of \$0.67 per \$100 of Assessed Valuation, for a combined total tax for 2024 of \$1.25 per \$100 of Assessed Valuation. As the above table indicates, the 2024 debt service rate is not sufficient to pay debt service on the Bonds and the Outstanding Bonds, assuming taxable values in the District at the level of the 2025 Assessed Valuation or the Estimated Valuation as of July 1, 2025, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, the District's Debt Service Fund balance is \$476,140 as of July 17, 2025. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. Moreover, as is illustrated above under the caption "Historical Values and Tax Collection History," as of June 30, 2025, the District had collected an average annual percentage of its property taxes of 99.99% for the period 2017 through 2023, and its 2024 tax levy was 99.01% collected as of such date. The District anticipates that, given these factors, and future increases in taxable values which are expected to occur as a consequence of the construction of homes on the lots developed by the Developer, it will be able to meet its debt service requirements on the Bonds and the Outstanding Bonds without increasing the District's debt service tax rate above the rate which it levied for 2024 – \$0.58 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES." In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "DISTRICT DEBT - Debt Service Requirement Schedule," "THE SYSTEM" and "Future Debt" below.

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate, is \$3.106993 per \$100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

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 (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two years of foreclosure. 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.

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not 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. 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. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies."

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

The District reserved in the Bond Resolution the right to issue the remaining \$200,610,000 principal amount of unlimited tax bonds for the System and for refunding such bonds, \$40,800,000 principal amount of unlimited tax bonds for constructing roads and for refunding such bonds, \$16,200,000 principal amount of unlimited tax bonds for recreational facilities and for refunding such bonds, \$54,900,000 for refunding purposes only, \$300,000 for fire-fighting facilities, and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining \$200,610,000 principal amount of unlimited tax bonds for the System

and for refunding such bonds, and \$16,200,000 principal amount of unlimited tax bonds for recreational facilities and for refunding such bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such \$200,610,000 principal amount of unlimited tax bonds for the System and for refunding such bonds, and \$16,200,000 principal amount of unlimited tax bonds for recreational facilities and for refunding such bonds is also subject to TCEQ authorization. If the District does issue parks and recreational facilities bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, 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 but not greater than three percent of the value of the taxable property in the District. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "DISTRICT DEBT - Debt Service Requirement Schedule," and "THE SYSTEM."

The District's Engineer currently estimates that the aforementioned \$200,610,000 authorized bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities to all of the currently undeveloped portions of the District. See "Maximum Impact on District Tax Rates" above, "THE BONDS," "DEVELOPMENT AND HOME CONSTRUCTION," "FUTURE DEVELOPMENT," and "THE SYSTEM." If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Issuance of Additional Debt."

Competitive Nature of Houston Residential Housing Market

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

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

The District is subject to the TCEQ’s General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”), which was issued by the TCEQ on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. In order to maintain MS4 Permit compliance, the District is partnering with the city of Alvin, Texas (the “City”), to participate in the City’s program to develop, implement, and maintain the required plan (the “MS4 Permit Plan”) as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. While the District does not have its own independent MS4 Permit Plan, the District has taken all necessary steps required by the City to be included in the City’s MS4 Permit Plan in order to obtain MS4 Permit compliance with the TCEQ. If at any time in the future the District were required to maintain independent coverage under the MS4 Permit, it is anticipated that the District could incur substantial additional costs to develop and implement its own program necessary to comply with the MS4 Permit.

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

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of “waters of the United States” and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, “waters of the United States” includes only geographical features that are described in ordinary

parlance as “streams, oceans, rivers, and lakes” and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of “waters of the United States” under the CWA to conform with the Supreme Court’s decision.

While the Sackett decision and subsequent regulatory action removed a great deal of uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

Extreme Weather Events

The greater Houston area, including the District, 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, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. “500 year flood” events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. The District had not yet commenced development of the District for home construction during Hurricane Harvey.

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

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.

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 development and construction activity within the District. The District cannot predict the impact that negative conditions in the oil industry could have on property values in the District.

THE BONDS

General

The Bonds are dated September 15, 2025, and interest accrues from the date of initial delivery (the “Date of Delivery”), at the rates shown on the inside cover page hereof, with interest payable on September 1, 2026, and on each March 1 and September 1 thereafter until the earlier of stated maturity or redemption. The Bonds are fully registered bonds maturing on September 1 in each of the years and in the amounts shown under “MATURITY SCHEDULE” on the inside cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Houston, Texas, or any successor paying agent/registrar (the “Paying Agent,” “Paying Agent/Registrar,” or “Registrar”). Interest on the Bonds will be payable by check or draft, dated as of the interest payment date, and mailed by the Registrar to Registered Owners as

shown on the records of the Registrar (“Registered Owners”) at the close of business on the 15th calendar day of the month next preceding the interest payment date (the “Record Date”).

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, 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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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 securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, 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 transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

Assignments, Transfers and Exchanges

In the event the Book-Entry-Only System is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. Any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of \$5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date.

The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Redemption Provisions

Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

Provision is made in the Bond Resolution for replacement of the Registrar. If the Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Registrar. In order to act as Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, 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.

Authority for Issuance

At an election held within the District on September 10, 2005, voters of the District authorized a total of \$300,000 in bonds for fire-fighting facilities and \$54,900,000 for refunding purposes only. At an election held within the District on May 16, 2017, voters of the District authorized a total of \$210,000,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the "System") and for refunding such bonds, \$40,800,000 in bonds for constructing roads and for refunding such bonds and \$16,200,000 in bonds for acquiring and constructing recreational facilities and for refunding such bonds. After the sale of the Bonds, a total of \$200,610,000 principal amount of unlimited tax bonds for the System and for refunding such bonds, all \$40,800,000 principal amount of unlimited tax bonds for constructing roads and for refunding such bonds, \$16,200,000 principal amount of unlimited tax bonds for recreational facilities and for refunding such bonds, all \$54,900,000 for refunding purposes only and all \$300,000 principal amount of unlimited tax bonds for the purpose of fire-fighting facilities will remain authorized but unissued. The Bonds are issued pursuant to the Bond Resolution, an election held within the District, Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. Issuance of the Bonds has been further authorized by an order of the TCEQ.

Source of Payment

The Bonds (together with the Outstanding Bonds, as defined herein, and such additional tax bonds as may hereafter be issued by the District) are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and Registrar fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, on such additional bonds payable from taxes which may be issued, and Registrar fees.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Brazoria County, the City of Alvin, Texas, or any entity other than the District.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of \$210,000,000 unlimited tax bonds for the System and for refunding such bonds, \$40,800,000 in bonds for constructing roads and for refunding such bonds, \$16,200,000 in bonds for acquiring and constructing recreational facilities and for refunding such bonds, \$54,900,000 for refunding purposes only and \$300,000 in bonds for fire-fighting facilities. Following the issuance of the Bonds, \$200,610,000 principal amount of unlimited tax bonds for the System and for refunding such bonds, all \$40,800,000 principal amount of unlimited tax bonds for constructing roads and for refunding such bonds, all \$16,200,000 principal amount of unlimited tax bonds for recreational facilities and for refunding such bonds, all \$54,900,000 for refunding purposes only and all \$300,000 principal amount of unlimited tax bonds for the purpose of fire-fighting facilities will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ where required). In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "THE SYSTEM," and "RISK FACTORS - Future Debt."

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, Huitt-Zollars, Inc. (the "Engineer"), the \$200,610,000 authorized but unissued bonds will be adequate to finance the extension of components of the System to serve all of the remaining undeveloped portions of the District. See "DEVELOPMENT AND HOME CONSTRUCTION," "FUTURE DEVELOPMENT," and "THE SYSTEM."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, 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 but not greater than three percent of the value of the taxable property in the District. Voters of the District have authorized the issuance of \$16,200,000 in bonds for construction of parks and recreational facilities.

No Arbitrage

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

Dissolution

Under existing Texas law, since the District lies wholly within the extra-territorial jurisdiction of the City of Alvin, Texas, the District may be dissolved by the City of Alvin, without the District's consent, subject to compliance by the City of Alvin with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is dissolved, the City of Alvin must assume the District's assets and obligations (including the Bonds) and abolish the District within 90 days of the date of dissolution, except as provided below under "Strategic Partnership." Dissolution of the District by the City of Alvin is a policy-making matter within the discretion of the Mayor and City Council of the City of Alvin; therefore, the District makes no representation that the City of Alvin will ever dissolve the District and assume its obligations. Moreover, no representation is made concerning the ability of the City of Alvin to make debt service payments should dissolution occur.

Strategic Partnership

The District has entered into a strategic partnership agreement with the City of Alvin to provide the terms and conditions under which municipal services will be provided within the District and the conditions under which the District would continue to exist in the event of a full or limited purpose annexation of the District by the City. Under the terms of the agreement, the City will not fully annex the District until 90% of the District's water, wastewater, and drainage facilities have been constructed and all developers have been reimbursed by the District to the maximum extent permitted by the rules of the Commission or the City assumes any obligation of the District for such reimbursements. The City may annex any commercial portion of the District for limited purposes to allow the City to collect its sales and use taxes in such areas as outlined in the agreement.

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 any portion of the System not conveyed to the City of Alvin), and liabilities (such as the Bonds), with the assets and liabilities of the district or 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.

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to observe and perform its covenants and obligations to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below. Certain traditional legal remedies also may not be available.

Bankruptcy Limitation to Registered Owners' Rights

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

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

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 noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

Use and Distribution of Bond Proceeds

Proceeds of the sale of the Bonds will be used by the District to (i) finance the District's cost of (a) acquisition or construction of underground water distribution, wastewater collection and storm drainage facilities to serve Martha's Vineyard, Section 1, and the remaining costs for Martha's Vineyard, Section 2; and (b) land acquisition costs; (ii) pay interest on advances made on behalf of the District; (iii) pay Impact Fees to the City of Alvin; and (iv) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), engineering fees, costs associated with the operation of the District, and certain financing costs related to the issuance of the Bonds.

Construction Costs**District Share**

A. Developer Contribution Items (a)	
1. Martha's Vineyard, Section 1 Water, Wastewater and Drainage	\$ 934,465
2. Martha's Vineyard, Section 2 Water, Wastewater and Drainage	<u>350,000</u>
Total Developer Contribution Items	\$1,284,465
B. District Items	
1. Land Acquisition Costs – Lift Station No. 2 (Section 3)	\$ 21,118
2. Land Acquisition Costs – Detention Pond (Section 3)	399,321
3. Water and Wastewater Impact Fees	<u>743,850</u>
Total District Items	\$1,164,289
Less Surplus Funds	<u>(154,295)</u>
TOTAL CONSTRUCTION COSTS	\$2,294,459

Non-Construction Costs

1. Legal Fees	\$ 93,250
2. Fiscal Agent Fees	62,600
3. Developer Interest (b)	381,293
4. Operating Costs / Developer Advances	115,493
5. Bond Issuance Expenses	33,050
6. Bond Application Report Costs	45,000
7. Bond Discount	93,900
8. Attorney General Fee	3,130
9. TCEQ Bond Issuance Fee	7,825
10. Contingencies (c)	<u>0</u>
TOTAL NON-CONSTRUCTION COSTS	\$835,541
TOTAL BOND ISSUE REQUIREMENT	\$3,130,000

(a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement with respect to certain facilities being

financed with portions of the proceeds of the sale of the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its order authorizing the District to issue the Bonds.

- (b) Represents interest owed to the Developer on advances they have made on the District's behalf. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the Developer has borrowed funds.
- (c) The TCEQ directed that any surplus funds resulting from the sale of bonds at a lower interest rate than proposed shall be shown as a contingency line item. The use of these funds is subject to approval by the TCEQ.

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

THE DISTRICT

General

The District operates pursuant to Article XVI, Section 59 of the Texas Constitution, the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies totally within the extra-territorial jurisdiction of the City of Alvin, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also authorized to develop roads and parks and recreational facilities, including the issuance of bonds payable from taxes for such purposes. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District. At an election held within the District on September 10, 2005, voters of the District authorized a total of \$300,000 in bonds for fire-fighting facilities. The District has not yet issued bonds from such authorization.

The District is required to observe certain requirements of the City of Alvin, which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities and recreational facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Alvin of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Alvin, and filed in the real property records of Brazoria County, as appropriate. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."

Utility Agreement

The District obtains water and sewer service from the City. The City and Lesco Enterprises, Inc. (the initial developer of land in the District) entered into a Utility Services Contract (the "Utility Agreement"), to provide water and wastewater trunk facilities (the "Trunk Facilities") to serve the District. The District approved and assumed the Utility Agreement on February 4, 2016. In consideration of the District acquiring and constructing the Trunk Facilities on behalf of the City, the City agreed, pursuant to the terms and conditions of the Utility Agreement, to own and operate the Trunk Facilities.

As construction of each phase of the Water Distribution System, the Wastewater Distribution System and Drainage System within the District's boundary is certified to be complete in accordance with the final plans and specifications approved by the City, the District will own and operate the Water, Wastewater, and Detention facilities within its boundaries. Under the Utility Agreement, the District has agreed to charge customers of the Water and Wastewater facilities the same rates charged other similar users within the City. All revenue from the water and wastewater facilities belongs exclusively to the District.

The City has agreed to supply the District with all of its requirements for potable water and wastewater treatment. See "THE SYSTEM."

Description

The District contains approximately 742.3891 acres of land. The District is located entirely within the extraterritorial jurisdiction of the City of Alvin, Texas (the "City"). The District is located approximately 34 miles southeast of the central business district of Houston, Texas. The District is located generally at the intersection of State Highway 6 and State Highway 35. The District lies within the Alvin Independent School District. See "THE DISTRICT - General" and "APPENDIX A - LOCATION MAP."

Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. None of the Directors currently reside within the District.

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Lisa Diese	President	2026
Faye Ausmus	Vice President	2028
Heather McCallay	Assistant Vice President	2028
Mary Hargrove	Secretary	2028
Josephine Duncan	Assistant Secretary	2026

The District does not have a general manager or any other employee, but has contracted for services, as follows.

Tax Assessor/Collector - The District has engaged Assessments of the Southwest, Inc. Friendswood, Texas, as the District's Tax Assessor/Collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Brazoria County Appraisal District and bills and collects such levy.

Consulting Engineers - The District has employed the firm of Huitt-Zollars, Inc., Houston, Texas, as Consulting Engineer in connection with the overall planning activities and the design and construction of the System.

Bookkeeper - The District has engaged Myrtle Cruz, Inc. as the District's Bookkeeper.

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

Disclosure Counsel - McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Bond Counsel and General Counsel - Allen Boone Humphries Robinson LLP, Houston, Texas ("Bond Counsel") serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees 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 and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company_search.html.

DEVELOPMENT AND HOME CONSTRUCTION

As of July 1, 2025, the District contained 314 fully developed single-family residential lots on which 277 homes have been constructed, including 263 completed homes and 14 homes under construction. According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage/detention facilities and street paving have been completed to serve the 314 single family residential lots located in Martha's Vineyard, Sections 1 through 3 (approximately 60.24 total acres) in the District. See "DEVELOPMENT AND HOME CONSTRUCTION."

The current primary developer of land within the District is R. West Development Co., Inc., a Texas corporation ("R. West" or the "Developer"). The Developer has completed the development of such 314 single family residential lots located in the District. Martha's Vineyard LLC, an affiliate of the Developer, owns approximately 18.05 acres of undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future commercial development, on 2.2 acres of which a gas station has been constructed. Golf Land Inc. owns approximately 289.64 acres located within the District that are available for future development. Harris County Flood Control District owns approximately 329.6 acres located within the District. The remaining acreage of the District is comprised of streets, drainage easements and open space. Since no party, including the Developer, Martha's Vineyard LLC, or Golf Land Inc., is under any obligation to the District to undertake the development of any currently undeveloped portion of the District, the District can make no representation as to when, or whether, the undeveloped portions of the District might be developed.

The District is financing the acquisition or construction of underground water distribution, wastewater collection, and storm drainage facilities, including land acquisition, to serve Martha's Vineyard, Section 1 with a portion of the proceeds of the sale of the Bonds. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future.

As of July 1, 2025, the status of land development and home construction within the District was as follows:

	LOTS(a)				HOMES(b)				Totals
	<u>Developed</u>	<u>Acres</u>	<u>Under Development</u>	<u>Acres</u>	<u>Under Construction Sold</u>	<u>Unsold</u>	<u>Completed Sold</u>	<u>Unsold</u>	
Subdivision:									
Martha's Vineyard									
Section 1	143	27.74			0	1	140	0	141
Section 2	103	19.80			0	9	62	0	71
Section 3	68	12.70			0	4	61	0	65
Totals	314	60.24	0	0	0	14	263	0	277

(a) Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application, approval, and inspection.

DEVELOPER AND OTHER PRINCIPAL LAND OWNERS

General

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be emplaced in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of emplacing certain of the water, wastewater and drainage facilities in the utility district pursuant to the rules of the TCEQ. The District requested an exemption from such developer participation requirement with respect to the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a district. See "FUTURE DEVELOPMENT" below.

Description of the Developer and Other Principal Land Owners

The current primary developer of land within the District is R. West Development Co., Inc., a Texas corporation ("R. West" or the "Developer"). The Developer has completed the development of 314 single family residential lots located in Martha's Vineyard, Sections 1 through 3 (approximately 60.24 total acres). Martha's Vineyard LLC, an affiliate of the Developer, owns approximately 18.05 acres of undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future commercial development, on 2.2 acres of which a gas station has been constructed.

Golf Land Inc. owns approximately 289.64 acres located within the District that are available for future development. Harris County Flood Control District owns approximately 329.6 acres located within the District. The remaining acreage of the District is comprised of streets, drainage easements and open space.

BUILDERS

According to R. West, Century Homes is currently constructing homes in Martha's Vineyard that range in size from approximately 1,848 to 2,653 square feet of living area and in sales price from approximately \$330,990 to \$406,990.

According to R. West, Castlerock Homes is currently constructing homes in Martha's Vineyard that range in size from approximately 1,801 to 4,052 square feet of living area and in sales price from approximately \$325,990 to \$529,990.

Century Homes and Castlerock Homes are herein referred to as the "Builders." The Builders may change the types, sizes and sales prices of the homes which they choose to construct within the District entirely within their discretion, or may suspend home construction activity entirely.

FUTURE DEVELOPMENT

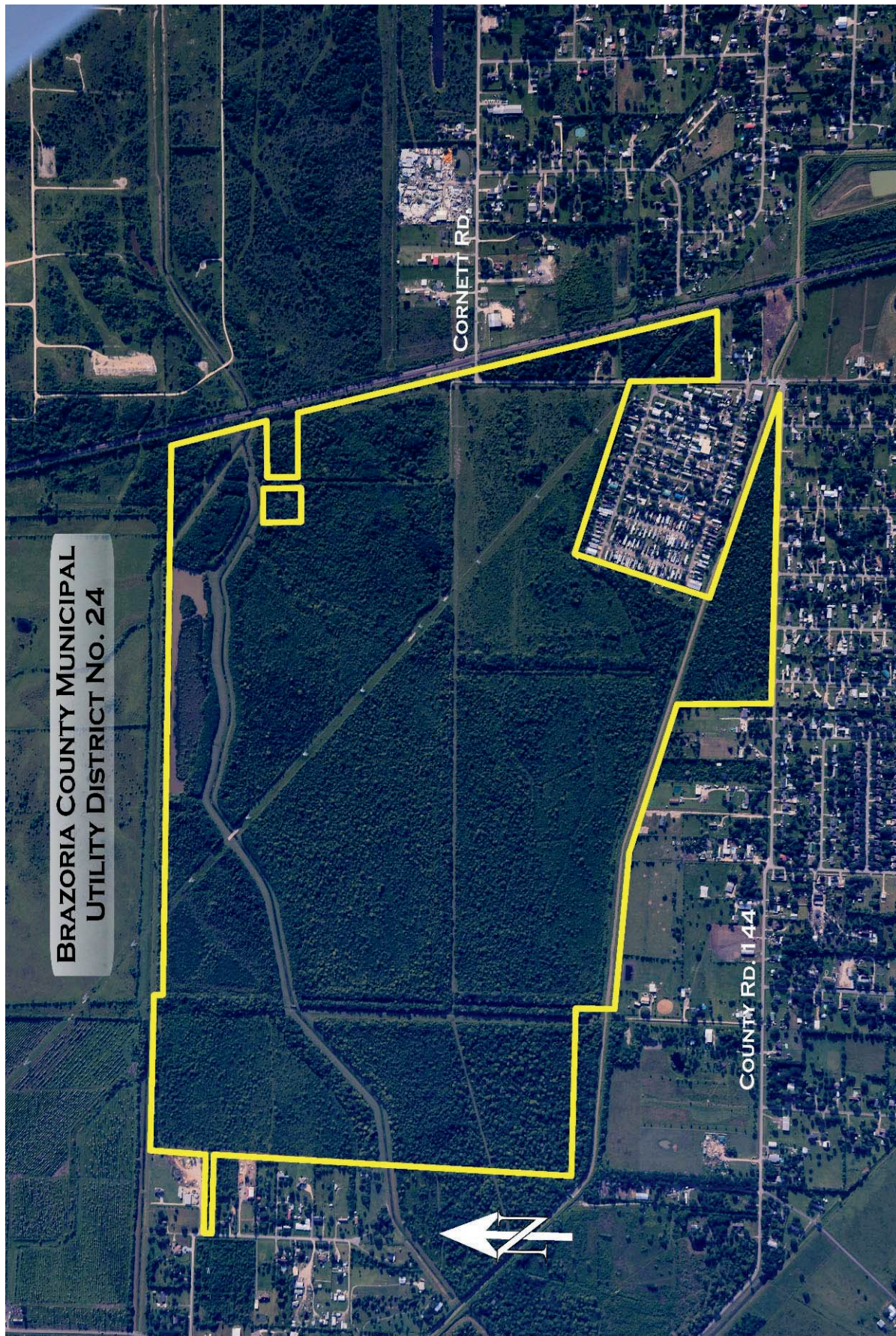
As is described above under the caption "DEVELOPMENT AND HOME CONSTRUCTION," approximately 60.24 acres of the total of approximately 742.3891 acres of land located within the District have been developed into 314 single-family residential lots, the development of which is complete. Martha's Vineyard LLC, an affiliate of the Developer, owns approximately 18.05 acres of undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future commercial development, on 2.2 acres of which a gas station has been constructed.

Golf Land Inc. owns approximately 289.64 acres located within the District that are available for future development. Harris County Flood Control District owns approximately 329.6 acres located within the District. The remaining acreage of the District is comprised of streets, drainage easements and open space. See "RISK FACTORS - Factors Affecting Taxable Values and Tax Payments," "DEVELOPER AND OTHER PRINCIPAL LAND OWNERS" and "TAX DATA - Principal 2024 Taxpayers." Since no party, including the Developer, is under any obligation to the District to undertake the development of any currently undeveloped portion of the District, the District can make no representation as to when, or whether, the undeveloped portions of the District might be developed. If any undeveloped portion of the District is eventually developed, additions to the water, wastewater and drainage systems required to service such undeveloped acreage may be financed by future issues of the District's bonds. The District's Engineer currently estimates that the \$200,610,000 authorized bonds which are currently unissued are adequate to finance the construction of such facilities to provide service to all of the undeveloped portions of the District as described in this Official Statement under the caption "THE SYSTEM." In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt" and "RISK FACTORS - Future Debt."

AERIAL PHOTOGRAPH OF A PORTION OF THE DISTRICT
(taken July 2025)



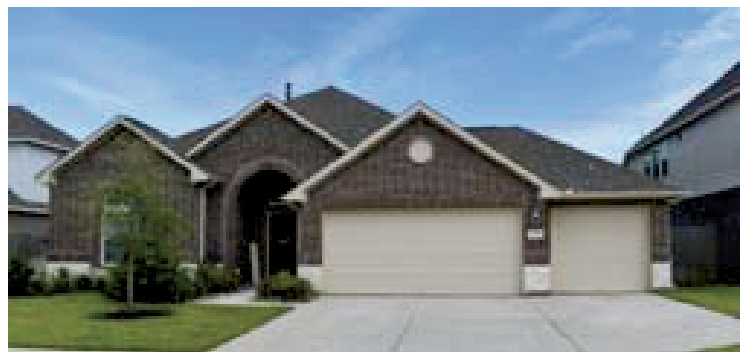
AERIAL PHOTOGRAPH OF A PORTION OF THE DISTRICT
(taken July 2025)



**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken July 2025)**



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken July 2025)



DISTRICT DEBT

General

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

2024 Assessed Valuation	\$	76,541,248 (a)
(As of January 1, 2024)		
See "TAX DATA" and "TAXING PROCEDURES"		
2025 Assessed Valuation	\$	90,926,296 (b)
(As of January 1, 2025)		
See "TAX DATA" and "TAXING PROCEDURES"		
Estimated Valuation as of July 1, 2025	\$	98,443,092 (c)
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Outstanding Bonds.....	\$	6,260,000
The Bonds		<u>3,130,000</u>
The Total		9,390,000 (d)
Estimated Overlapping Debt	\$	<u>5,048,845</u>
Total Direct and Estimated Overlapping Debt	\$	14,438,845
Direct Debt Ratio		
: as a percentage of 2024 Assessed Valuation.....		12.27 %
: as a percentage of 2025 Assessed Valuation.....		10.33 %
: as a percentage of Estimated Valuation as of July 1, 2025		9.54 %
Direct and Overlapping Debt Ratio		
: as a percentage of 2024 Assessed Valuation.....		18.86 %
: as a percentage of 2025 Assessed Valuation.....		15.88 %
: as a percentage of Estimated Valuation as of July 1, 2025		14.67 %
Debt Service Fund Balance as of July 17, 2025	\$	476,140 (e)
General Fund Balance as of July 17, 2025	\$	2,078,949
2024 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.58
Maintenance Tax.....		<u>0.67</u>
Total	\$	1.25 (f)

(a) As of January 1, 2024, and comprises the District's 2024 tax roll. All property located in the District is valued on the tax rolls by the Brazoria County Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Brazoria County Appraisal Review Board (the "Appraisal Review Board"). See "RISK FACTORS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) As of January 1, 2025, and comprises the District's 2025 tax roll. Such sum includes an uncertified component of \$982,328, which is included in the amount of \$90,926,296. The District's ultimate 2025 Assessed Valuation will

not be determined until such uncertified values are certified by the Appraisal Review Board, and thus may vary from such sum of \$90,926,296. See “RISK FACTORS - Factors Affecting Taxable Values and Tax Payments” and “TAXING PROCEDURES.”

- (c) Provided by the Appraisal District for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of July 1, 2025, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2025, through June 30, 2025. The ultimate Assessed Valuation of any land and improvements added from January 1, 2025, through June 30, 2025, which will be placed on the District’s 2026 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2026.
- (d) In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt” and - “Use and Distribution of Bond Proceeds,” “FUTURE DEVELOPMENT,” “THE SYSTEM” and “RISK FACTORS - Future Debt.”
- (e) Neither Texas law nor the Bond Resolutions require the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2025. The District’s remaining payments for 2025, which are due on September 1, 2025, total \$176,169. The District’s initial debt service payment on the Bonds is due on September 1, 2026, and consists of an interest payment thereon.
- (f) The District levied a debt service tax in 2024 in the amount of \$0.58 per \$100 of Assessed Valuation plus a maintenance tax of \$0.67 per \$100 of Assessed Valuation, for a combined total tax for 2024 of \$1.25 per \$100 of Assessed Valuation. As is described in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2024 tax levies of all units of government which levy taxes against the property located within the District, plus the 2024 tax of the District is \$3.106993 per \$100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of many municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of many municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See “RISK FACTORS - Factors Affecting Taxable Values and Tax Payments.”

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Debt as of July 1, 2025	Estimated Overlapping	
		Percent	Amount
Brazoria County	\$226,118,313	0.1474%	\$333,292
Alvin Independent School District	951,950,000	0.4890%	4,654,776
Alvin Community College District	17,050,000	0.3565%	<u>60,777</u>
Total Estimated Overlapping Debt			\$5,048,845
The District (the Bonds and the Outstanding Bonds)			<u>\$9,390,000</u>
Total Direct & Estimated Overlapping Debt			\$14,438,845

Debt Ratios

	% of 2024 Assessed <u>Valuation</u>	% of 2025 Assessed <u>Valuation</u>	% of Estimated Valuation as of <u>July 1, 2025</u>
Direct Debt	12.27%	10.33%	9.54%
Direct and Estimated Overlapping Debt	18.86%	15.88%	14.67%

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien that is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administration, and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy, and collect ad valorem taxes for operations and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. The District levied a maintenance tax of \$0.67 per \$100 of Assessed Valuation in 2024. See "TAX DATA - Maintenance Tax."

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements of the Outstanding Bonds and the principal and estimated interest requirements of the Bonds.

Year Ending December 31	Current Total Debt Service	Plus: The Bonds		New Total Debt Service
		Principal	Interest*	
2025	\$352,338			\$352,338
2026	457,338		\$164,325	621,663
2027	454,200	\$30,000	164,325	648,525
2028	450,675	30,000	162,750	643,425
2029	446,763	40,000	161,175	647,938
2030	442,463	45,000	159,075	646,538
2031	442,775	45,000	156,713	644,488
2032	437,313	55,000	154,350	646,663
2033	436,463	55,000	151,463	642,925
2034	431,150	65,000	148,575	644,725
2035	433,013	65,000	145,163	643,175
2036	429,350	75,000	141,750	646,100
2037	430,425	75,000	137,813	643,238
2038	430,975	80,000	133,875	644,850
2039	431,000	85,000	129,675	645,675
2040	430,500	90,000	125,213	645,713
2041	429,475	95,000	120,488	644,963
2042	432,925	95,000	115,500	643,425
2043	430,588	105,000	110,513	646,100
2044	432,725	110,000	105,000	647,725
2045	429,075	115,000	99,225	643,300
2046	429,900	120,000	93,188	643,088
2047	429,938	130,000	86,888	646,825
2048	434,188	130,000	80,063	644,250
2049	432,388	140,000	73,238	645,625
2050	429,800	150,000	65,888	645,688
2051	431,425	155,000	58,013	644,438
2052	432,000	165,000	49,875	646,875
2053	431,525	170,000	41,213	642,738
2054		615,000	32,288	647,288
	\$12,542,693	\$3,130,000	\$3,367,620	\$19,040,307

Average Annual Requirements: (2026-2054).....	\$644,413
Maximum Annual Requirement: (2027).....	\$648,525

* Interest is estimated at 5.25% per annum for purposes of illustration.

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (see "TAXING PROCEDURES"). The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "RISK FACTORS"). The District levied a debt service tax of \$0.58 per \$100 of Assessed Valuation for 2024.

Maintenance 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 a vote of the District's electorate. On May 16, 2017, the District voters authorized the levy of such a maintenance tax in an amount not to exceed \$1.50 per \$100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds and any tax-supported bonds which may be issued in the future. The District levied a maintenance tax of \$0.67 per \$100 of Assessed Valuation for 2024. See "Tax Rate Distribution" below.

Tax Rate Limitation

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

Historical Values and Tax Collection History

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate(a)</u>	<u>Total Levy</u>	<u>Cumulative % Collections</u>	
				<u>Current & Prior Years(b)</u>	<u>Year Ended 9/30</u>
2017	\$1,667,900	\$1.50	\$25,019	100.00%	2013
2018	1,614,204	1.50	24,213	100.00	2019
2019	6,930,219	1.50	103,953	100.00	2020
2020	16,382,305	1.50	245,514	99.91	2021
2021	31,321,051	1.49	466,609	100.00	2022
2022	43,501,471	1.48	643,822	100.00	2023
2023	68,607,889	1.25	857,599	99.99	2024
2024	76,541,248	1.25	956,766	99.01(c)	2025

- (a) Per \$100 of Assessed Valuation. The District has levied a maintenance tax only for the years 2017 through 2022.
 (b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through June 30, 2025. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.
 (c) As of June 30, 2025. In process of collection.

Tax Rate Distribution

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Debt Service	\$0.58	\$0.00	\$0.00	\$0.00	\$0.00
Maintenance	<u>0.67</u>	<u>1.25</u>	<u>1.48</u>	<u>1.49</u>	<u>1.50</u>
Total	\$1.25	\$1.25	\$1.48	\$1.49	\$1.50

Analysis of Tax Base

The following table illustrates the composition of property located within the District during the past five years.

<u>Type of Property</u>	<u>2024</u>		<u>2023</u>		<u>2022</u>	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$27,899,770	36.45%	\$26,845,390	39.13%	\$17,451,260	40.12%
Improvements	57,912,489	75.66%	51,285,695	74.75%	31,652,996	72.76%
Personal Property	844,660	1.10%	691,370	1.01%	470,820	1.08%
Exemptions	<u>-10,115,671</u>	<u>-13.22%</u>	<u>-10,214,566</u>	<u>-14.89%</u>	<u>-6,073,605</u>	<u>-13.96%</u>
Total	\$76,541,248	100.00%	\$68,607,889	100.00%	\$43,501,471	100.00%

<u>Type of Property</u>	<u>2021</u>		<u>2020</u>	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$18,750,400	59.87%	\$10,053,380	61.37%
Improvements	18,731,180	59.81%	8,214,800	50.14%
Personal Property	418,980	1.34%	303,430	1.85%
Exemptions	<u>-6,584,509</u>	<u>-21.02%</u>	<u>-2,189,305</u>	<u>-13.36%</u>
Total	\$31,316,051	100.00%	\$16,382,305	100.00%

Principal 2024 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2024. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2024.

<u>Property Owner*</u>	<u>Property Description</u>	<u>2024 Taxable Value</u>	<u>% of 2024 Tax Roll</u>
Century Land Holdings of Texas LLC	Land and Improvements	1,569,190	2.05%
Sandhurst Investments LP	Land and Improvements	1,538,020	2.01%
Marthas Vineyard LLC	Land and Improvements	1,114,670	1.46%
Castlerock Communities LLC	Land and Improvements	1,058,130	1.38%
Resendez Residential Co. LLC	Land and Improvements	693,860	0.91%
Cox Lane Real Estate LLC	Commercial	667,000	0.87%
Amina Properties LLC	Land and Improvements	592,212	0.77%
Tobruk Homes LLC	Land and Improvements	524,420	0.69%
Homeowner	Land and Improvements	504,040	0.66%
Homeowner	Land and Improvements	<u>203,530</u>	<u>0.27%</u>
		8,465,072	11.06%

* Golf Land, Inc. is not listed on this statement as its 2024 Assessed Valuation has been reduced from \$2,928,090 to \$238,410 due to an agricultural exemption.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2024 Assessed Valuation, 2025 Assessed Valuation or the Estimated Valuation as of July 1, 2025. The calculations assume collection of 95% of taxes levied, no use of funds on hand, and the sale of no bonds by the District other than the Outstanding Bonds and the Bonds.

Average Annual Debt Service Requirements (2026-2054)	\$644,413
Tax Rate of \$0.89 on the 2024 Assessed Valuation (\$76,541,248) produces.....	\$647,156
Tax Rate of \$0.75 on the 2025 Assessed Valuation (\$90,926,296) produces.....	\$647,850
Tax Rate of \$0.69 on the Estimated Valuation as of July 1, 2025 (\$98,443,092) produces	\$645,294
Maximum Annual Debt Service Requirement (2027)	\$648,525
Tax Rate of \$0.90 on the 2024 Assessed Valuation (\$76,541,248) produces.....	\$654,428
Tax Rate of \$0.76 on the 2025 Assessed Valuation (\$90,926,296) produces.....	\$656,488
Tax Rate of \$0.70 on the Estimated Valuation as of July 1, 2025 (\$98,443,092) produces	\$654,647

The District levied a debt service tax in 2024 in the amount of \$0.58 per \$100 of Assessed Valuation plus a maintenance tax of \$0.67 per \$100 of Assessed Valuation, for a combined total tax for 2024 of \$1.25 per \$100 of Assessed Valuation. As the above table indicates, the 2024 debt service rate is not sufficient to pay debt service on the Bonds and the Outstanding Bonds, assuming taxable values in the District at the level of the 2025 Assessed Valuation or the Estimated Valuation as of July 1, 2025, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, the District's Debt Service Fund balance is \$476,140 as of July 17, 2025. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. Moreover, as is illustrated above under the caption "Historical Values and Tax Collection History," as of June 30, 2025, the District had collected an average annual percentage of its property taxes of 99.99% for the period 2017 through 2023, and its 2024 tax levy was 99.01% collected as of such date. The District anticipates that, given these factors, and future increases in taxable values which are expected to occur as a consequence of the construction of homes on the lots developed by the Developer, it will be able to meet its debt service requirements on the Bonds and the Outstanding Bonds without increasing the District's debt service tax rate above the rate which it levied for 2024 – \$0.58 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners.

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2024 taxes levied upon property located within the District and the District's 2024 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

<u>Taxing Jurisdiction</u>	<u>2024 Tax Rate/\$100</u>
Brazoria County	\$0.303546
Alvin Independent School District	1.170000
Alvin Community College	0.155988
Brazoria County Emergency Services District #3	0.077459
Brazoria County Conservation & Reclamation District #3 (a)	0.150000
The District (b)	<u>1.250000</u>
TOTAL TAX RATE	\$3.106993

- (a) 20.22 acres of land in the District lies within Brazoria Drainage District No. 4 (“BDD4”) and the remaining acreage in the District lies within Brazoria County Conservation and Reclamation District No. 3. The aggregate of the 2024 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2024 tax rate, is \$3.220269 per \$100 of Assessed Valuation as to that portion of the District that lies within BDD4.
- (b) The District levied a debt service tax in 2024 in the amount of \$0.58 per \$100 of Assessed Valuation plus a maintenance tax of \$0.67 per \$100 of Assessed Valuation, for a combined total tax for 2024 of \$1.25 per \$100 of Assessed Valuation.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

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

The Property Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

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; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard 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. For the 2025 tax year, the District rejected all exemptions. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. 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 in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount to be transferred to a subsequent residence homestead of the surviving spouse.

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

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

Tax Abatement

The City and Brazoria County may designate all or part of the District as a reinvestment zone, and the District, Brazoria County, and the City, at the option and discretion of each entity, may thereafter enter into tax abatement agreements with the 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 abatements to owners of property. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, including the District, for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone. 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 Boards, 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (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 years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Boards 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 Districts 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 values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

Tax Payment Installments After Disaster

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

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. 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. For the 2025 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developing District.

Additional Penalties

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

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 taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each local taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by 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. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (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 "RISK FACTORS -Tax Collection Limitations."

THE SYSTEM

Regulation

According to the District's Engineer, the System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City and Brazoria County Conservation and Reclamation District No. 3.

The District is located wholly within the extra-territorial jurisdiction of the City of Alvin and obtains water and sewer service from the City. The City and the District entered into a Utility Agreement (see "THE DISTRICT - Utility Agreement") to provide water and wastewater Trunk Facilities to supply the District with water and wastewater. In consideration of the District's acquiring and constructing the Trunk Facilities on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own and operate the Trunk Facilities.

As construction of each phase of the Water Distribution System, the Wastewater Distribution System and Drainage System within the District's boundary is certified to be complete in accordance with the final plans and specifications approved by the City, the District will own and operate the Water, Wastewater, and Detention facilities within its boundaries.

The total number of equivalent single-family connections (“ESFCs”) estimated at this time for the District upon the full development of its approximately 742.3891 acres is approximately 2,122 with a total estimated population of 5,305 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

The System presently serves the 314 fully developed single-family residential lots located the District that are enumerated in this Official Statement under the caption “DEVELOPMENT AND HOME CONSTRUCTION.” The District is financing acquisition or construction of underground water distribution, wastewater collection and storm drainage facilities to serve Martha’s Vineyard, Sections 1 and 2 with a portion of the proceeds of the sale of the Bonds. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt,” “RISK FACTORS - Future Debt” and “FUTURE DEVELOPMENT.”

Water Supply

The Utility Agreement requires the City to provide the District with potable water. According to the District's Engineer, the City's facilities provide adequate water supply capacity to provide service to all connections in the District developed with the proceeds of the sale of the Bonds, plus all connections in the District expected to be developed in the future to complete the development of the District, although the District must rely on the City's obligations to supply the District with water under the terms of the Utility Agreement. The City has agreed to supply the District with such water supply in consideration of the payment of Impact Fees. The City's current water Impact Fee is \$1,700 per connection.

Wastewater Treatment

Pursuant to the Utility Agreement, the City is required to receive and treat all wastewater from the District. According to the District's Engineer, the City's facilities provide adequate wastewater treatment capacity to provide service to all connections in the District developed with the proceeds of the sale of the Bonds, plus all connections in the District expected to be developed in the future to complete the development of the District, although the District must rely on the City's obligations to treat the District's wastewater under the terms of the Utility Agreement. The City has agreed to supply the District with such wastewater treatment in consideration of the payment of Impact Fees. The City's current wastewater Impact Fee is \$2,650 per connection.

Drainage Improvements

Storm drainage for the District is collected by curb and gutter streets. Runoff is conveyed via an underground storm system, through a detention pond, ultimately discharging to Mustang Bayou.

100-Year Flood Plain

The Federal Emergency Management Agency (“FEMA”) Flood Hazard Boundary Maps currently in effect, which cover the land located in the District, indicate that a portion of the land within the District is located within the current 100-year flood plain as shown on the Flood Insurance Rate Maps for Brazoria County, Texas, and Incorporated Areas No. 48039CO135K dated December 30, 2020. According to the District’s Engineer, the rear of lots 20-26, Block 2 in Martha’s Vineyard, Section 1 are shown within Zone AE on such floodplain map. The original floodplain map did not show this area in the floodplain and the lots were filled to elevation 50.0, which is above the current map’s floodplain.

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

assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. If substantial or frequent flooding of homes were to occur in the area of the District, the marketing of homes and the future growth of property values in the District could be adversely affected. See “RISK FACTORS - Tropical Weather Events.”

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

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Bond Counsel for the District, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” (except for the information under the subheadings “Book-Entry-Only System” and “Use and Distribution of Bond Proceeds”), “THE DISTRICT - Utility Agreement,” - “Management of the District - Bond Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS - Legal Opinions”, “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has either 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, other than the matters discussed immediately above.

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

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

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that, to their knowledge, no litigation is pending or threatened 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.

No Material Adverse Change

The obligations of the Underwriters to take up 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 financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale.

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

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

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

Additional Federal Income Tax Considerations

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

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

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

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

Tax Accounting Treatment of Original Issue Premium: If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

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

Tax Accounting Treatment of Original Issue Discount: If the issue price of any maturity the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

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

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

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

Tax Legislative Changes: Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

OFFICIAL STATEMENT

General

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

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

Experts

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

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "DISTRICT DEBT" and "TAX DATA" was provided Assessments of the Southwest, Inc. and the Appraisal District. Such information has been included herein in reliance upon the authority of Assessments of the Southwest, Inc. as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

Official Statement "Deemed Final"

For purposes of compliance with the Rule, this document, as the same may be supplemented or corrected by the District from time to time, may be treated as an "official statement" with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

This document, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a “final official statement” of the District with respect to the Bonds, as that term is defined in the Rule.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data, which is customarily prepared by the District and publicly available, annually to the MSRB. The financial information and operating data which will be provided with respect to the District is found in APPENDIX B (the District’s Audited Financial Statements and certain supplemental schedules). The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 2025. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report becomes available.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”).

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; 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 determination 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 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

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 holders 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 to 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 Underwriters 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 holders 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 Underwriters 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

The District has complied in all material respects with its prior continuing disclosure agreement made by it in accordance with the Rule.

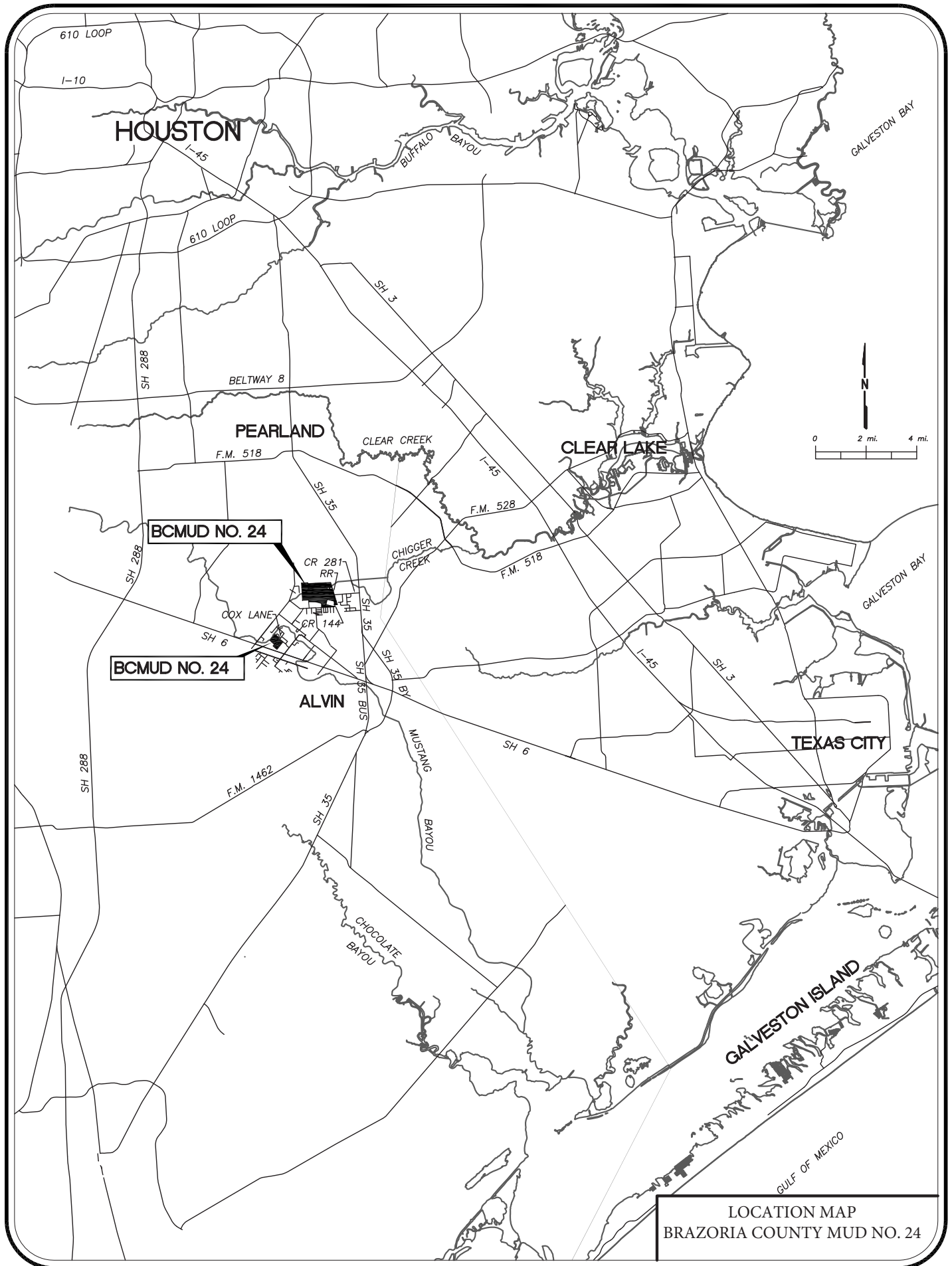
This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 24 as of the date shown on the first page hereof.

President, Board of Directors
Brazoria County Municipal Utility District No. 24

ATTEST:

Secretary, Board of Directors
Brazoria County Municipal Utility District No. 24

APPENDIX A



APPENDIX B

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24

BRAZORIA COUNTY, TEXAS

FINANCIAL REPORT

MAY 31, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24

BRAZORIA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brazoria County Municipal Utility District No. 24
Brazoria County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 24 (the "District") as of and for the year May 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide an assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The script is cursive and fluid, with the letters connected in a continuous line.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

September 19, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED MAY 31, 2024

Management's discussion and analysis of the financial performance of Brazoria County Municipal Utility District No. 24 (the "District") provides an overview of the District's financial activities for the year ended May 31, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for service revenues, maintenance tax revenues, and operating costs and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities exceeded assets by \$2,467,252 as of May 31, 2024. A portion of the District’s net position reflects its net investment in capital assets which includes land and the water, wastewater, drainage and detention facilities as well as intangible assets less any debt used to acquire those assets that is still outstanding.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

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

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change
Current and Other Assets	\$ 2,656,700	\$ 1,217,788	\$ 1,438,912
Intangible Assets (Net of Accumulated Amortization)	1,211,766	1,249,092	(37,326)
Capital Assets (Net of Accumulated Depreciation)	<u>6,975,107</u>	<u>7,131,782</u>	<u>(156,675)</u>
Total Assets	<u>\$ 10,843,573</u>	<u>\$ 9,598,662</u>	<u>\$ 1,244,911</u>
Due to Developer	\$ 6,617,493	\$ 7,906,282	\$ 1,288,789
Bond Anticipation Note Payable		2,880,000	2,880,000
Bonds Payable	6,369,501		(6,369,501)
Other Liabilities	<u>323,831</u>	<u>119,977</u>	<u>(203,854)</u>
Total Liabilities	<u>\$ 13,310,825</u>	<u>\$ 10,906,259</u>	<u>\$ (2,404,566)</u>
Net Position:			
Net Investment in Capital Assets	\$ (4,527,019)	\$ (2,248,248)	\$ (2,278,771)
Restricted	318,671		318,671
Unrestricted	<u>1,741,096</u>	<u>940,651</u>	<u>800,445</u>
Total Net Position	<u>\$ (2,467,252)</u>	<u>\$ (1,307,597)</u>	<u>\$ (1,159,655)</u>

The following table provides a summary of the District's operations for the years ending May 31, 2024, and May 31, 2023. The District's net position decreased by \$1,159,655.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change
Revenues:			
Property Taxes	\$ 858,842	\$ 643,896	\$ 214,946
Charges for Services	472,446	338,171	134,275
Other Revenues	<u>82,956</u>	<u>6,882</u>	<u>76,074</u>
Total Revenues	<u>\$ 1,414,244</u>	<u>\$ 988,949</u>	<u>\$ 425,295</u>
Expenses for Services	<u>2,573,899</u>	<u>783,196</u>	<u>(1,790,703)</u>
Change in Net Position	\$ (1,159,655)	\$ 205,753	\$ (1,365,408)
Net Position, Beginning of Year	<u>(1,307,597)</u>	<u>(1,513,350)</u>	<u>205,753</u>
Net Position, End of Year	<u>\$ (2,467,252)</u>	<u>\$ (1,307,597)</u>	<u>\$ (1,159,655)</u>

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2024, totaled \$2,507,431, which was an increase of \$4,258,277 from the prior year.

The General Fund fund balance increased by \$801,639, primarily due to property tax revenues and service revenues exceeding operating and administrative costs.

The Debt Service Fund fund balance increased by \$507,288 primarily due to the issuance of the Series 2023 bonds, which included capitalized interest of \$492,975.

The Capital Projects Fund fund balance increased by \$2,949,350 primarily due to the issuance of the Series 2023 bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted a budget for the General Fund. The budget was not amended during the current fiscal year. Actual revenues were \$478,130 more than budgeted revenues and actual expenditures were \$118,041 more than budgeted expenditures. Overall, there was a positive variance compared to budget of \$360,089. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of May 31, 2024, totaled \$6,975,107 (net of accumulated depreciation) and included land and the water, wastewater and drainage systems.

	Capital Assets At Year-End		
	2024	2023	Change
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 384,003	\$ 379,512	\$ 4,491
Capital Assets Subject to Depreciation:			
Water System	1,126,438	1,126,438	
Wastewater System	1,968,251	1,968,251	
Drainage and Detention System	4,137,948	4,137,948	
Less Accumulated Depreciation	(641,533)	(480,367)	(161,166)
Total Net Capital Assets	<u>\$ 6,975,107</u>	<u>\$ 7,131,782</u>	<u>\$ (156,675)</u>

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2024

INTANGIBLE ASSETS

The District conveys certain offsite utilities to the City of Alvin, Texas for ownership and maintenance in return for the City’s commitment to provide water and wastewater capacity for the development (see Notes 6 and 8). The District treats these assets, along with capital recovery fees paid to the City, as intangible assets. Intangible assets have a May 31, 2024, balance of \$1,211,766 (net of accumulated amortization).

LONG-TERM DEBT ACTIVITY

As of May 31, 2024, the District had total bond debt payable of \$6,260,000. The changes in the debt position of the District during the fiscal year ended May 31, 2024, are summarized as follows:

Bond Debt Payable, June 1, 2023	\$ - 0 -
Add: Bond Sale - Series 2023	<u>6,260,000</u>
Bond Debt Payable, May 31, 2024	<u>\$ 6,260,000</u>

The District’s Series 2023 bonds do not have an underlying rating; however, the bonds do carry an “AA” rating by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on changes to the ratings of the insurers.

As of May 31, 2024, the District has also recorded an amount due to the Developer of \$6,617,493. This amount relates to construction projects that the Developer has funded on behalf of the District as well as operating advances. The District anticipates reimbursing the Developer for these costs from future bond proceeds.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year 2025 projects a General Fund fund balance increase of \$563,566. Revenues are budgeted to be \$1,180,166, while expenditures are budgeted to be \$616,600.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brazoria County Municipal Utility District No. 24, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 163,626	\$
Investments	1,776,341	507,288
Receivables:		
Property Taxes	14,055	
Penalty and Interest on Delinquent Taxes		
Service Accounts	35,488	
Other	4,909	
Due from Other Funds	56,229	
Prepaid Costs	1,985	
Intangible Assets (Net of Accumulated Amortization)		
Land		
Capital Assets (Net of Accumulated Depreciation)	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 2,052,633</u></u>	<u><u>\$ 507,288</u></u>

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 15,234	\$ 178,860	\$	\$ 178,860
136,211	2,419,840		2,419,840
	14,055		14,055
		1,563	1,563
	35,488		35,488
	4,909		4,909
	56,229	(56,229)	
	1,985		1,985
		1,211,766	1,211,766
		384,003	384,003
		6,591,104	6,591,104
<u>\$ 151,445</u>	<u>\$ 2,711,366</u>	<u>\$ 8,132,207</u>	<u>\$ 10,843,573</u>

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
LIABILITIES		
Accounts Payable	\$ 64,455	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		
Security Deposits	69,196	
Long-Term Liabilities -		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 133,651</u>	<u>\$ -0-</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 14,055</u>	<u>\$ -0-</u>
FUND BALANCES		
Nonspendable - Prepaid Costs	\$ 1,985	\$
Restricted for Authorized Construction		
Restricted for Debt Service		507,288
Unassigned	<u>1,902,942</u>	
TOTAL FUND BALANCES	<u>\$ 1,904,927</u>	<u>\$ 507,288</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,052,633</u></u>	<u><u>\$ 507,288</u></u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$	\$ 64,455	\$	\$ 64,455
		190,180	190,180
		6,617,493	6,617,493
56,229	56,229	(56,229)	
	69,196		69,196
		<u>6,369,501</u>	<u>6,369,501</u>
<u>\$ 56,229</u>	<u>\$ 189,880</u>	<u>\$ 13,120,945</u>	<u>\$ 13,310,825</u>
<u>\$ -0-</u>	<u>\$ 14,055</u>	<u>\$ (14,055)</u>	<u>\$ -0-</u>
\$	\$ 1,985	\$ (1,985)	\$
95,216	95,216	(95,216)	
	507,288	(507,288)	
	<u>1,902,942</u>	<u>(1,902,942)</u>	
<u>\$ 95,216</u>	<u>\$ 2,507,431</u>	<u>\$ (2,507,431)</u>	<u>\$ -0-</u>
<u>\$ 151,445</u>	<u>\$ 2,711,366</u>		
		\$ (4,527,019)	\$ (4,527,019)
		318,671	318,671
		<u>1,741,096</u>	<u>1,741,096</u>
		<u>\$ (2,467,252)</u>	<u>\$ (2,467,252)</u>

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2024

Total Fund Balances - Governmental Funds	\$ 2,507,431
--	--------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Intangible assets and capital assets used in governmental activities are not current financial resources and are not reported as assets in the governmental funds.	8,186,873
--	-----------

Deferred inflows of resources related to property tax revenues and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.	15,618
--	--------

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developers	\$ (6,617,493)	
Accrued Interest Payable	(190,180)	
Bonds Payable	<u>(6,369,501)</u>	<u>(13,177,174)</u>

Total Net Position - Governmental Activities	\$ <u>(2,467,252)</u>
--	-----------------------

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

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 845,037	\$
Water Service	173,741	
Wastewater Service	175,653	
Penalty and Interest	8,554	
Tap Connection and Inspection Fees	112,935	
Investment and Miscellaneous Revenues	<u>63,581</u>	<u>14,313</u>
TOTAL REVENUES	<u>\$ 1,379,501</u>	<u>\$ 14,313</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 162,219	\$
Contracted Services	110,764	
Purchased Services	179,510	
Repairs and Maintenance	96,211	
Amortization		
Depreciation		
Creation and Operating Costs		
Other	72,887	
Capital Outlay		
Developer Interest		
Debt Service:		
Bond Interest		
Bond Anticipation Note Interest		
Debt Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 621,591</u>	<u>\$ -0-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES/EXPENSES	<u>\$ 757,910</u>	<u>\$ 14,313</u>
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	\$ 43,729	\$
Proceeds from Issuance of Long-Term Debt		492,975
Bond Discount		
Bond Premium		
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 43,729</u>	<u>\$ 492,975</u>
NET CHANGE IN FUND BALANCES	\$ 801,639	\$ 507,288
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2023	<u>1,103,288</u>	
FUND BALANCES/NET POSITION - MAY 31, 2024	<u>\$ 1,904,927</u>	<u>\$ 507,288</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 845,037	\$ 13,805	\$ 858,842
	173,741		173,741
	175,653		175,653
	8,554	1,563	10,117
	112,935		112,935
5,062	82,956		82,956
<u>\$ 5,062</u>	<u>\$ 1,398,876</u>	<u>\$ 15,368</u>	<u>\$ 1,414,244</u>
\$	\$ 162,219	\$	\$ 162,219
	110,764		110,764
	179,510		179,510
	96,211		96,211
		37,326	37,326
		161,166	161,166
175,514	175,514		175,514
95	72,982		72,982
1,293,280	1,293,280	(1,293,280)	
672,527	672,527		672,527
		188,185	188,185
98,062	98,062	(31,593)	66,469
651,026	651,026		651,026
<u>\$ 2,890,504</u>	<u>\$ 3,512,095</u>	<u>\$ (938,196)</u>	<u>\$ 2,573,899</u>
<u>\$ (2,885,442)</u>	<u>\$ (2,113,219)</u>	<u>\$ 953,564</u>	<u>\$ (1,159,655)</u>
\$ (43,729)	\$	\$	\$
5,767,025	6,260,000	(6,260,000)	
(20,375)	(20,375)	20,375	
131,871	131,871	(131,871)	
<u>\$ 5,834,792</u>	<u>\$ 6,371,496</u>	<u>\$ (6,371,496)</u>	<u>\$ -0-</u>
\$ 2,949,350	\$ 4,258,277	\$ (4,258,277)	\$
		(1,159,655)	(1,159,655)
(2,854,134)	(1,750,846)	443,249	(1,307,597)
<u>\$ 95,216</u>	<u>\$ 2,507,431</u>	<u>\$ (4,974,683)</u>	<u>\$ (2,467,252)</u>

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2024

Net Change in Fund Balances - Governmental Funds	\$ 4,258,277
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	13,805
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	1,563
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Governmental funds do not account for amortization and depreciation. However, in the Statement of Net Position, intangible assets are amortized and capital assets are depreciated. The expenses are recorded in the Statement of Activities.	(198,492)
---	-----------

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	1,293,280
---	-----------

Governmental funds report bond premiums and discounts as other financing sources and uses in the year paid. However, in the Statement of Net Position, the bond premiums and discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(109,501)
--	-----------

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(158,587)
---	-----------

Governmental funds report bond proceeds as other financing sources. Proceeds from the sale of bonds, net of unamortized bond premiums and discounts, are recorded as long-term liabilities in the Statement of Net Position.	(6,260,000)
--	-------------

Change in Net Position - Governmental Activities	\$ <u>(1,159,655)</u>
--	-----------------------

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 1. CREATION OF DISTRICT

Brazoria County Municipal Utility District No. 24 (the “District”) was created by an order of the Texas Commission on Environmental Quality (the “Commission”) on August 27, 2004. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its organizational meeting on January 11, 2005.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital and intangible assets, including restricted capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole and are combined with the governmental fund financial statements. The District is viewed as a special- purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

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

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

Basis of Accounting

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

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

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

At May 31, 2024, the Capital Projects Fund owed the General Fund \$56,229 for bond issuance costs. The District also recorded a transfer from the Capital Projects Fund to the General Fund of \$43,729 related to bond issuance costs.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

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

Service Accounts Receivable

The District provides for uncollectible accounts receivable through the allowance method of accounting. Under this method a provision for uncollectible accounts is charged to bad debt expense, and the allowance account is increased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the account. At May 31, 2024, the District had no allowance for doubtful accounts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over periods ranging from 10 to 45 years. Paving infrastructure is conveyed to Brazoria County for ownership and maintenance.

Intangible Assets

Certain infrastructure constructed by the District with funds provided by developers are conveyed to the City of Alvin, Texas for ownership and maintenance. The City uses these assets to provide utility services to District residents. These costs, along with capital recovery fees, are recorded as intangible assets and amortized using the straight-line method over 40 years.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

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

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

Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2024:

	June 1, 2023	Additions	Retirements	May 31, 2024
Bonds Payable	\$	\$ 6,260,000	\$	\$ 6,260,000
Unamortized Discounts		(20,375)	(365)	(20,010)
Unamortized Premiums		131,871	2,360	129,511
Bonds Payable, net	<u>\$ -0-</u>	<u>\$ 6,371,496</u>	<u>\$ 1,995</u>	<u>\$ 6,369,501</u>
		Amount Due Within One Year		\$ -0-
		Amount Due After One Year		<u>6,369,501</u>
		Total Bonds Payable, net		<u>\$ 6,369,501</u>

On November 17, 2023, the District issued \$6,260,000 of Unlimited Tax Bonds, Series 2023, with interest rates ranging from 5.25% to 7.75%. The net proceeds of \$5,743,508 (after payment of the original issue discount, underwriter fees and other bond related costs) were deposited with the District's investment accounts to: a) repay principal of \$2,880,000 and interest of \$98,062 on the District's previously issued Series 2023 Bond Anticipation Note, b) reimburse the developer for construction and creation costs, and c) fund future interest payments on the bonds and pay subsequent bond issue costs.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	<u>Series 2023</u>
Amount Outstanding – May 31, 2024	\$ 6,260,000
Interest Rates	5.25% - 7.75%
Maturity Dates – Serially Beginning/Ending	September 1, 2026/2053
Interest Payment Dates	September 1/ March 1
Callable Dates	September 1, 2028 (1)

- (1) On any date thereafter as a whole or in part, at par plus interest accrued to the date of redemption. Series 2023 term bonds maturing September 1 of 2042, 2045, 2048 and 2053 are subject to mandatory redemption beginning September 1 of 2040, 2043, 2046 and 2049, respectively.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$	\$ 454,124	\$ 454,124
2026		352,338	352,338
2027	105,000	348,269	453,269
2028	110,000	339,938	449,938
2029	115,000	331,219	446,219
2030-2034	670,000	1,510,468	2,180,468
2035-2039	860,000	1,272,337	2,132,337
2040-2044	1,110,000	1,015,351	2,125,351
2045-2049	1,435,000	683,157	2,118,157
2050-2054	1,855,000	253,442	2,108,442
	<u>\$ 6,260,000</u>	<u>\$ 6,560,643</u>	<u>\$ 12,820,643</u>

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

As of May 31, 2024, the District has authorized but unissued bonds in the amount of \$203,740,000 for the purchase or construction of water, sewer, and drainage facilities and refunding of bonds issued for the same, \$16,200,000 for the purchase or construction of parks and recreational facilities and refunding of bonds issued for the same, \$40,800,000 for the purchase or construction of road facilities and refunding of bonds for the same, \$54,900,000 for refunding purposes only, and \$300,000 for the purchase or construction of certain fire-fighting facilities.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District sufficient to pay the principal and interest on said bonds. As of May 31, 2024, the District has not levied a debt service tax. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, is of the general type included in the annual audit report, and must be filed within six months after the end of each fiscal year of the District.

The Series 2023 bond order required bond proceeds of \$492,975 to be deposited into the Debt Service Fund and restricted for payment of bond interest.

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was \$178,860 and the bank balance was \$186,122. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits as of May 31, 2024, are summarized in the following table:

	<u>Cash</u>
GENERAL FUND	\$ 163,626
CAPITAL PROJECTS FUND	<u>15,234</u>
TOTAL DEPOSITS	<u>\$ 178,860</u>

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors. Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District invests in the Texas Short Term Asset Reserve Program (“TexSTAR”), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District’s position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

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

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexSTAR	\$ 1,776,341	\$ 1,776,341
<u>DEBT SERVICE FUND</u>		
TexSTAR	507,288	507,288
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	136,211	136,211
TOTAL INVESTMENTS	<u><u>\$ 2,419,840</u></u>	<u><u>\$ 2,419,840</u></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment in TexSTAR was rated AAAM by Standard and Poor’s.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexSTAR to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

All cash and investments of the Capital Projects Fund are restricted for the purchase or rehabilitation of capital assets.

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	June 1, 2023	Increases	Decreases	May 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 379,512	\$ 4,491	\$ -0-	\$ 384,003
Capital Assets Subject to Depreciation				
Water System	\$ 1,126,438	\$	\$	\$ 1,126,438
Wastewater System	1,968,251			1,968,251
Drainage and Detention System	4,137,948			4,137,948
Total Capital Assets Subject to Depreciation	\$ 7,232,637	\$ -0-	\$ -0-	\$ 7,232,637
Accumulated Depreciation				
Water System	\$ 74,584	\$ 25,101	\$	\$ 99,685
Wastewater System	117,412	43,859		161,271
Drainage and Detention System	288,371	92,206		380,577
Total Accumulated Depreciation	\$ 480,367	\$ 161,166	\$ -0-	\$ 641,533
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 6,752,270	\$ (161,166)	\$ -0-	\$ 6,591,104
Total Capital Assets, Net of Accumulated Depreciation	\$ 7,131,782	\$ (156,675)	\$ -0-	\$ 6,975,107

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS (Continued)

Certain offsite utilities are conveyed to the City of Alvin, Texas for ownership and maintenance. These costs, along with capital recovery fees, are recorded as intangible assets and amortized using the straight-line method over the 40-year term of the contract.

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

	June 1, 2023	Increases	Decreases	May 31, 2024
Intangible Assets Subject to Amortization				
Capital Recovery Fees	\$ 357,500	\$	\$	\$ 357,500
Offsite Utilities	<u>1,064,310</u>			<u>1,064,310</u>
Total Intangible Assets Subject to Amortization	<u>\$ 1,421,810</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,421,810</u>
Accumulated Amortization				
Capital Recovery Fees	\$ 47,066	\$ 9,434	\$	\$ 56,500
Offsite Utilities	<u>125,652</u>	<u>27,892</u>		<u>153,544</u>
Total Accumulated Amortization	<u>\$ 172,718</u>	<u>\$ 37,326</u>	<u>\$ -0-</u>	<u>\$ 210,044</u>
Total Intangible Assets, Net of Accumulated Amortization	<u><u>\$ 1,249,092</u></u>	<u><u>\$ (37,326)</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 1,211,766</u></u>

NOTE 7. MAINTENANCE TAX

On May 6, 2017, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's facilities as well as any other lawfully authorized purpose. During the year ended May 31, 2024, the District levied an ad valorem maintenance tax rate of \$1.25 per \$100 of assessed valuation, which resulted in a tax levy of \$858,842 on the adjusted taxable valuation of \$68,707,383 for the 2023 tax year.

On May 6, 2017, the voters of the District approved the levy and collection of a road maintenance tax not to exceed \$0.25 per \$100 of assessed valuation to be used for constructing and maintaining the District's roads. The District did not levy a road maintenance tax during the current fiscal year.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 8. UTILITY SERVICES CONTRACTS

On June 16, 2005, the District approved and assumed the terms of a Utility Service Contract between the City of Alvin, Texas (the "City"), R. West Development Co. Inc., and Mac-West, Inc. dated August 5, 2004 and effective December 4, 2003. The contract specifies that the District will construct, own and operate the water and wastewater systems to serve the customers of the District. The City agrees to provide interim water capacity of 175,000 gallons per day ("gpd") or the capacity necessary to provide 350 gpd to 500 homes, whichever is greater. The City agrees that such water capacity will be available to the District after certain water trunk facilities and master water meter facilities have been constructed by the District, conveyed to, and accepted by the City. The District agrees that it will construct, at its sole cost and expense, a water plant to serve the District at full development, and the first phase of such water plant will be available no later than the commencement of construction of the 450th home within the District.

For Phase I of the Development, the City will not provide wastewater services to the District. Instead, the District agrees that it will construct and operate, at its sole cost and expense, its own interim wastewater package plant, capable of serving at least 500 single-family connections with a capacity of up to 240,000 gpd. Within 14 days of the making of the 450th connection to the District's package plant, the District will notify the City, in writing, that such connection has been made and schedule a meeting to discuss the terms and conditions by which the City, the District and, if appropriate, other entities will construct a regional sewer treatment plant. The City and the District agree to use their best efforts to agree on such terms and conditions within six months from the date of the District's notice that the 450th connection was made to its package plant. If, however, the City and the District cannot reach an agreement, the District may proceed with the design and construction of its own permanent sewage treatment plant and the Wastewater Services provision of this Contract shall be null and void.

The District will be responsible for operating and maintaining the District's water and wastewater systems, including reading the meters (other than the master water meter) and billing, collecting from, and initially responding to calls from the District customers. The City will be responsible for reading the master water meter monthly during the term of this contract. For purposes of billing, the District shall be treated as one out-of-City residential customer as provided in the applicable City ordinance setting such rates (currently 150% of the in-city residential water rate). The contract shall remain in effect for an initial term of 40 years from the effective date.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 8. UTILITY SERVICES CONTRACTS (Continued)

The District and Lesco Enterprises, Inc. (“Lesco”) entered into a Utility Services Contract with the City for additional property annexed into the District to be developed as Martha’s Vineyard (the “Development”). The contract became effective on February 4, 2016. A first amendment to the contract was executed on June 20, 2019. The contract specifies that Lesco or the District will finance, design and construct the water and wastewater systems, the master meter facilities, the water trunk facilities, and the wastewater trunk facilities to serve the Development. The City agrees to provide the District water and wastewater capacity of up to 210,000 gpd or the capacity necessary to provide 350 gpd to 600 equivalent family connections, whichever is greater. Upon completion the facilities will be conveyed to the City for ownership and maintenance.

The District will be responsible for operating and maintaining the District’s water and wastewater systems, including the meters (other than the master water meter) and billing and collecting from, and initially responding to calls from the District customers. The City will be responsible for reading the master water meter during the term of this contract. Lesco, on behalf of the District, will pay the capital recovery fees to the City in accordance with the City’s impact fee schedule at the time an application is submitted for property for capacity. For purposes of billing, the District’s water and wastewater rates shall be equal to the rate charged to an in-City residential customer for each 1,000 gallons of water times a multiplier of 1.5 if there are 0 to 99 homes, 1.4 if there are 100 to 199 homes, 1.3 if there are between 200 and 299 homes and 1.2 if there are 300 homes or more. The contract shall remain in effect for an initial term of 40 years from the effective date. The District recorded purchased services from the City totaling \$179,510 during the current fiscal year.

NOTE 9. UNREIMBURSED DEVELOPER COSTS

The District has executed financing agreements with developers which calls for the developers to fund costs associated with the construction of water, sewer, and drainage facilities as well as roads and operating advances. Reimbursement to the developers will come from future bond sales. At May 31, 2024, the District has recorded a liability due to the developers of \$6,617,493, of which \$177,887 pertains to advances used to fund District operations.

The following table summarizes the current year activity related to unreimbursed developer costs for completed projects and operating advances:

Due to Developers, beginning of year	\$ 7,906,282
Additions	-0-
Reimbursements	<u>(1,288,789)</u>
Due to Developers, end of year	<u>\$ 6,617,493</u>

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2024

NOTE 10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, automobile, and errors and omissions coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

Effective June 20, 2019, the District entered into a Strategic Partnership Agreement with the City. Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Local Governmental Code and Act, the City agrees to annex a tract of land within the District for the limited purposes to allow the City to collect its sales and use taxes in such areas. Pursuant to the Agreement, the District agrees to pay an annual \$1,000 fee to the City in lieu of full purpose annexation.

Prior to annexation of the entire District, the District is authorized to exercise all powers and sanctions of a municipal utility district provided by law. The City will not fully annex the District until 90% of the District's water, wastewater and drainage facilities have been constructed and all developers have been reimbursed by the District to the maximum extent permitted by the rules of the Commission or the City assumes any obligation of the District for such reimbursements.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2024

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES			
Property Taxes	\$ 600,000	\$ 845,037	\$ 245,037
Water and Wastewater Service	305,000	349,394	44,394
Penalty and Interest	4,600	8,554	3,954
Connection and Inspection Fees	35,000	112,935	77,935
Other Revenues and Transfers In	<u>500</u>	<u>107,310</u>	<u>106,810</u>
TOTAL REVENUES	<u>\$ 945,100</u>	<u>\$ 1,423,230</u>	<u>\$ 478,130</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 128,500	\$ 162,219	\$ (33,719)
Contracted Services	74,000	110,764	(36,764)
Purchased Services	160,000	179,510	(19,510)
Repairs and Maintenance	69,500	96,211	(26,711)
Other	<u>71,550</u>	<u>72,887</u>	<u>(1,337)</u>
TOTAL EXPENDITURES	<u>\$ 503,550</u>	<u>\$ 621,591</u>	<u>\$ (118,041)</u>
NET CHANGE IN FUND BALANCE	\$ 441,550	\$ 801,639	\$ 360,089
FUND BALANCE - JUNE 1, 2023	<u>1,103,288</u>	<u>1,103,288</u>	<u></u>
FUND BALANCE - MAY 31, 2024	<u>\$ 1,544,838</u>	<u>\$ 1,904,927</u>	<u>\$ 360,089</u>

See accompanying independent auditor's report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE
MAY 31, 2024

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2024

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	246	246	x 1.0	246
1"	1	1	x 2.5	3
1½"	1	1	x 5.0	5
2"	1	1	x 8.0	8
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	249	249		262
Total Wastewater Connections	244	244	x 1.0	244

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (UNAUDITED)

Gallons billed to customers:	17,708,000	Water Accountability Ratio: 96.3% (Gallons billed/Gallons purchased)
Gallons purchased:	18,380,000	From: City of Alvin, Texas

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2024

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County in which District is located:

Brazoria County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

Is the District located within a City's extraterritorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJ in which District is located

City of Alvin, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2024

PROFESSIONAL FEES:	
Auditing	\$ 13,500
Engineering	66,781
Legal	<u>81,938</u>
TOTAL PROFESSIONAL FEES	<u>\$ 162,219</u>
 PURCHASED WATER AND WASTEWATER SERVICE	 <u>\$ 179,510</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 12,817
Operations and Billing	23,981
Solid Waste Disposal	54,655
Tax Assessment and Collection Costs	<u>19,311</u>
TOTAL CONTRACTED SERVICES	<u>\$ 110,764</u>
 REPAIRS AND MAINTENANCE	 <u>\$ 96,211</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 11,528
Insurance	7,623
Office Supplies and Postage	2,447
Travel and Meetings	1,664
Utilities and Other	<u>2,108</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 25,370</u>
OTHER EXPENDITURES:	
Lab Fees and Permit Fees	\$ 771
Connection and Inspection Fees	45,048
TCEQ Regulatory Assessment	<u>1,698</u>
TOTAL OTHER EXPENDITURES	<u>\$ 47,517</u>
TOTAL EXPENDITURES	<u>\$ 621,591</u>

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
INVESTMENTS
MAY 31, 2024

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 1,776,341	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 507,288	\$ - 0 -
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	\$ 136,211	\$ - 0 -
TOTAL - ALL FUNDS				\$ 2,419,840	\$ - 0 -

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2024

	<u>Maintenance Taxes</u>	
TAXES RECEIVABLE -		
JUNE 1, 2023	\$	250
Adjustments to Beginning		
Balance	<u> </u>	\$ 250
Original 2023 Tax Levy	\$	827,672
Adjustment to 2023 Tax Levy	<u>31,170</u>	<u>858,842</u>
TOTAL TO BE		
ACCOUNTED FOR		\$ 859,092
TAX COLLECTIONS:		
Prior Years	\$	30
Current Year	<u>845,007</u>	<u>845,037</u>
TAXES RECEIVABLE -		
MAY 31, 2024		<u>\$ 14,055</u>
TAXES RECEIVABLE BY		
YEAR:		
2023	\$	13,835
2022		-0-
2021		-0-
2020		<u>220</u>
TOTAL		<u>\$ 14,055</u>

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 26,845,390	\$ 17,451,260	\$ 18,750,400	\$ 10,053,380
Improvements	51,285,695	31,653,996	18,731,180	8,214,800
Personal Property	691,370	470,820	418,980	303,430
Exemptions	<u>(10,115,072)</u>	<u>(6,068,605)</u>	<u>(6,579,509)</u>	<u>(2,189,305)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 68,707,383</u>	<u>\$ 43,507,471</u>	<u>\$ 31,321,051</u>	<u>\$ 16,382,305</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Maintenance	<u>1.25</u>	<u>1.48</u>	<u>1.49</u>	<u>1.50</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.25</u>	<u>\$ 1.48</u>	<u>\$ 1.49</u>	<u>\$ 1.50</u>
ADJUSTED TAX LEVY*	<u>\$ 858,842</u>	<u>\$ 643,896</u>	<u>\$ 466,683</u>	<u>\$ 245,735</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.39 %</u>	<u>100.00 %</u>	<u>100.00 %</u>	<u>99.91 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on May 6, 2017.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
LONG-TERM DEBT SERVICE REQUIREMENTS
FOR THE YEAR ENDED MAY 31, 2024

S E R I E S - 2 0 2 3			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$	\$ 454,124	\$ 454,124
2026		352,338	352,338
2027	105,000	348,269	453,269
2028	110,000	339,938	449,938
2029	115,000	331,219	446,219
2030	120,000	322,112	442,112
2031	125,000	312,619	437,619
2032	135,000	302,544	437,544
2033	140,000	291,887	431,887
2034	150,000	281,306	431,306
2035	155,000	272,081	427,081
2036	165,000	263,681	428,681
2037	170,000	254,888	424,888
2038	180,000	245,700	425,700
2039	190,000	235,987	425,987
2040	200,000	225,750	425,750
2041	210,000	214,987	424,987
2042	220,000	203,700	423,700
2043	235,000	191,757	426,757
2044	245,000	179,157	424,157
2045	250,000	165,900	415,900
2046	270,000	151,987	421,987
2047	295,000	137,419	432,419
2048	300,000	122,063	422,063
2049	320,000	105,788	425,788
2050	335,000	88,594	423,594
2051	350,000	70,612	420,612
2052	370,000	51,712	421,712
2053	390,000	31,762	421,762
2054	410,000	10,762	420,762
	<u>\$ 6,260,000</u>	<u>\$ 6,560,643</u>	<u>\$ 12,820,643</u>

See accompanying independent auditor's report.

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BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
CHANGES IN LONG-TERM DEBT
FOR THE YEAR ENDED MAY 31, 2024

Description	Original Bonds Issued	Bonds Outstanding June 1, 2023	
Brazoria County Municipal Utility District No. 24 Unlimited Tax Bonds - Series 2023	<u>\$ 6,260,000</u>	<u>\$ -0-</u>	
Bond Authority:	Tax Bonds	Road Bonds	Park Bonds
Amount Authorized by Voters	\$ 210,000,000	\$ 40,800,000	\$ 16,200,000
Amount Issued	<u>6,260,000</u>		
Remaining to be Issued	<u>\$ 203,740,000</u>	<u>\$ 40,800,000</u>	<u>\$ 16,200,000</u>
Debt Service Fund cash and investment balances as of May 31, 2024:			<u>\$ 507,288</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			\$ 427,355

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

Note: In addition to the new money bond authorizations, the District has refunding bond authorizations as follows: \$210,000,000 for utilities; \$16,200,000 for parks and recreational facilities; \$40,800,000 for roads; and an additional \$54,900,000 for refunding purposes only.

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding May 31, 2024	Paying Agent
	Principal	Interest		
\$ 6,260,000	\$ -0-	\$ -0-	\$ 6,260,000	The Bank of New York Mellon Trust Company Dallas, TX
Fire-Fighting Facilities				
\$ 300,000				
\$ 300,000				

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 845,037	\$ 645,421	\$ 472,710
Water Service	173,741	141,157	98,400
Wastewater Service	175,653	137,332	107,128
Penalty and Interest	8,554	5,017	10,744
Connection and Inspection Fees	112,935	54,665	63,710
Other Revenues and Transfers In	<u>107,310</u>	<u>6,882</u>	<u>5,022</u>
TOTAL REVENUES	<u>\$ 1,423,230</u>	<u>\$ 990,474</u>	<u>\$ 757,714</u>
EXPENDITURES			
Professional Fees	\$ 162,219	\$ 139,416	\$ 125,556
Contracted Services	110,764	69,227	53,202
Purchased Services	179,510	157,383	107,079
Repairs and Maintenance	96,211	53,186	49,546
Other	<u>72,887</u>	<u>51,782</u>	<u>57,600</u>
TOTAL EXPENDITURES	<u>\$ 621,591</u>	<u>\$ 470,994</u>	<u>\$ 392,983</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 801,639</u>	<u>\$ 519,480</u>	<u>\$ 364,731</u>
OTHER FINANCING SOURCES (USES)			
Developer Advances	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 801,639</u>	<u>\$ 519,480</u>	<u>\$ 364,731</u>
BEGINNING FUND BALANCE (DEFICIT)	<u>1,103,288</u>	<u>583,808</u>	<u>219,077</u>
ENDING FUND BALANCE	<u>\$ 1,904,927</u>	<u>\$ 1,103,288</u>	<u>\$ 583,808</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2021	2020	2024	2023	2022	2021	2020	
\$ 247,043	\$ 94,843	59.4 %	65.1 %	62.4 %	51.7 %	31.8 %	
71,532	41,650	12.2	14.3	13.0	15.0	13.9	
74,361	46,932	12.3	13.9	14.1	15.6	15.7	
1,720	2,783	0.6	0.5	1.4	0.4	0.9	
78,625	108,308	7.9	5.5	8.4	16.5	36.2	
3,679	4,414	7.5	0.7	0.7	0.8	1.5	
<u>\$ 476,960</u>	<u>\$ 298,930</u>	<u>99.9 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 109,087	\$ 109,586	11.4 %	14.1 %	16.6 %	22.9 %	36.7 %	
41,143	29,035	7.8	7.0	7.0	8.6	9.7	
86,649	43,600	12.6	15.9	14.1	18.2	14.6	
25,472	30,472	6.8	5.4	6.5	5.3	10.2	
50,281	58,983	5.1	5.2	7.6	10.5	19.7	
<u>\$ 312,632</u>	<u>\$ 271,676</u>	<u>43.7 %</u>	<u>47.6 %</u>	<u>51.8 %</u>	<u>65.5 %</u>	<u>90.9 %</u>	
<u>\$ 164,328</u>	<u>\$ 27,254</u>	<u>56.2 %</u>	<u>52.4 %</u>	<u>48.2 %</u>	<u>34.5 %</u>	<u>9.1 %</u>	
<u>\$ -0-</u>	<u>\$ 43,000</u>						
\$ 164,328	\$ 70,254						
54,749	(15,505)						
\$ 219,077	\$ 54,749						

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Investment and Miscellaneous Revenues	\$ 14,313	\$ -0-	\$ -0-
TOTAL EXPENDITURES	\$ -0-	\$ -0-	\$ -0-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	\$ 14,313	\$ -0-	\$ -0-
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	\$ 492,975	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 507,288	\$	\$
BEGINNING FUND BALANCE			
ENDING FUND BALANCE	\$ 507,288	\$ -0-	\$ -0-
TOTAL ACTIVE RETAIL WATER CONNECTIONS	249	197	170
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	244	193	167

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ -0-	\$ -0-	100.0 %	N/A %	N/A %	N/A %	N/A %
\$ -0-	\$ -0-	-0- %	N/A %	N/A %	N/A %	N/A %
\$ -0-	\$ -0-	100.0 %	N/A %	N/A %	N/A %	N/A %
\$ -0-	\$ -0-					
\$	\$					
\$ -0-	\$ -0-					
137	87					
134	85					

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2024

District Mailing Address - Brazoria County Municipal Utility District No. 24
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2024	Expense Reimbursements for the year ended May 31, 2024	Title
Board Members:				
Lisa Diese	05/2022 05/2026 (Elected)	\$ 2,281	\$ 56	President
Faye Ausmus	05/2024 05/2028 (Elected)	\$ 2,060	\$ 891	Vice President
Heather McCallay	05/2024 05/2028 (Elected)	\$ 2,281	\$ 490	Assistant Vice President
Mary Hargrove	05/2024 05/2028 (Elected)	\$ 2,281	\$ 69	Secretary
Josephine Duncan	05/2022 05/2026 (Elected)	\$ 2,281	\$ 159	Assistant Secretary

Notes: No Director has any substantial business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants. The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution on July 20, 2023. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

Submission date of most recent District Registration Form: May 16, 2024

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 24
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2024

Consultants:	<u>Date Hired</u>	<u>Fees / Compensation for the year ended May 31, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	01/11/05	\$ 81,938 \$ 171,467 \$ 175,514	General Counsel Bond Related Creation Costs
McCall Gibson Swedlund Barfoot PLLC	05/21/20	\$ 13,500 \$ 15,000	Auditor Bond Related
Myrtle Cruz, Inc.	06/16/05	\$ 14,384 \$ 5,000	Bookkeeper Bond Related
Huitt-Zollars, Inc.	06/16/05	\$ 68,115	Engineer
Rathmann & Associates, L.P.	09/21/05	\$ 126,700	Financial Advisor
Mary Jarmon	06/16/05	\$ -0-	Investment Officer
Municipal District Services, LLC	01/19/17	\$ 134,133	Operator
Assessments of the Southwest, Inc.	06/16/05	\$ 11,830	Tax Assessor/ Collector
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/16/17	\$ 12	Delinquent Tax Attorney

See accompanying independent auditor's report.

