

**BRAZORIA COUNTY MUNICIPAL  
MUNICIPAL UTILITY DISTRICT NO. 29**  
(Brazoria County, Texas)

**PRELIMINARY OFFICIAL STATEMENT**  
DATED: MARCH 20, 2026

**\$3,000,000  
UNLIMITED TAX BONDS  
SERIES 2026**

**BIDS DUE: 12:00 NOON, HOUSTON TIME  
BONDS AWARDED: 2:00 P.M., HOUSTON TIME  
THURSDAY, APRIL 23, 2026  
HOUSTON, TEXAS**





**PRELIMINARY OFFICIAL STATEMENT DATED MARCH 20, 2026**

*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 District will designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations."*

**NEW ISSUE - Book-Entry Only**

**Moody's Investors Service (Underlying) "A3"**  
See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings" herein

**\$3,000,000**  
**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 29**  
**(A Political Subdivision of the State of Texas located within Brazoria County, Texas)**  
**UNLIMITED TAX BONDS, SERIES 2026**

**Dated: May 1, 2026**  
**Interest Accrual Date: Date of Delivery**

**Due: September 1, as shown on the**  
**on inside cover**

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 initial date of delivery (expected May 21, 2026) (the "Date of Delivery"), and is payable on March 1, 2027, and on each September 1 and March 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 March 1, 2032, are subject to redemption prior to maturity at the option of Brazoria County Municipal Utility District No. 29 (the "District"), as a whole or in part, on March 1, 2031, 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."

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**See Maturity Schedule on the inside cover**

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The Bonds constitute the seventh 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 INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District have authorized a total of \$67,000,000 principal amount of bonds for the purpose of acquiring and constructing the System, \$43,500,000 principal amount of unlimited tax refunding bonds, and \$6,000,000 principal amount of unlimited tax bonds for recreational facilities. Following the issuance of the Bonds, \$25,455,000 principal amount of bonds for the purpose of acquiring and constructing the System, \$42,725,000 principal amount of unlimited tax refunding bonds, and \$6,000,000 principal amount of unlimited tax bonds for recreational facilities authorized by the District's voters will remain unissued from such elections. 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 Manvel, 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 Manvel, 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 May 21, 2026.

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): 10606T

<u>Maturity (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Suffix (a)</u>
2028	\$65,000			
2029	70,000			
2030	75,000			
2031	75,000			
2032 (c)	85,000			
2033 (c)	90,000			
2034 (c)	95,000			
2035 (c)	100,000			
2036 (c)	105,000			
2037 (c)	110,000			
2038 (c)	115,000			
2039 (c)	120,000			
2040 (c)	130,000			
2041 (c)	135,000			
2042 (c)	145,000			
2043 (c)	150,000			
2044 (c)	160,000			
2045 (c)	170,000			
2046 (c)	180,000			
2047 (c)	190,000			
2048 (c)	200,000			
2049 (c)	210,000			
2050 (c)	225,000			

- (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.

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 "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important investment considerations 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 plus accrued interest to the date of delivery, 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 UNDERWRITERS 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 Ratings

Applications have been made to Assured Guaranty Inc. (“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 other than Moody’s Investors Service, Inc. (“Moody’s”), 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 except the Moody’s rating fees as described below. Moody’s has assigned an underlying rating of “A3” to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by Moody’s, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody’s and the Moody’s

rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption “LEGAL MATTERS - No Material Adverse Change,” if the Underwriter elects to purchase municipal bond 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.

### **BOND INSURANCE RISK FACTORS**

As is stated above under the caption “Municipal Bond Insurance and Ratings,” applications have been made to insurers to issue a commitment for municipal bond guaranty insurance on the Bonds. In the event of default of the payment of principal of or interest on the Bonds when all or some become due, any owner of the Bonds shall have a claim under the municipal bond guaranty insurance policy (the “Policy”) for such payments.

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

The long-term ratings on the Bonds are dependent in part on the financial strength of any such insurer and its claims paying ability. An insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of an insurer and the ratings on bonds insured by any such insurer, including the Bonds, would not be subject to downgrade. Such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

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

Neither the District, nor, to the knowledge of the District, the Underwriter, has made independent investigation into the claims paying ability of any potential insurer of the Bonds and no assurance or representation regarding the financial strength or projected financial strength of any potential insurer is made by either the District or the Underwriters. Therefore, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims paying ability of any potential insurer, particularly over the life of the investment. See “Municipal Bond Insurance and Ratings” above for further information regarding the District’s application for municipal bond guaranty insurance on the Bonds.

**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. 29 (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. 29 Unlimited Tax Bonds, Series 2026, in the aggregate principal amount of \$3,000,000 are dated May 1, 2026. Interest on the Bonds accrues from the Date of Delivery (as defined herein), at the rates shown on the inside cover hereof, and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds mature on March 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 March 1, 2032, are subject to redemption, in whole or in part, prior to their scheduled maturities, on March 1, 2031, 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 “INVESTMENT CONSIDERATIONS - 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 Manvel, 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 pay (a) a portion of costs of construction of a proposed wastewater treatment plant expansion; engineering, testing and storm water compliance costs associated with the foregoing project; and a Texas Pollutant Discharge Elimination System major amendment permit; and (b) bond issuance costs, legal fees, financial advisor’s fees, fees to the TCEQ and the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds. See “THE BONDS - Use and Distribution of Bond Proceeds.”

Payment Record .....

The Bonds constitute the seventh series of unlimited tax 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 District has never defaulted in the timely payment of the principal of and interest on its prior bonds described below. The District has issued Unlimited Tax Bonds, Series 2009 (the “Series 2009 Bonds”), Unlimited Tax Bonds, Series 2010 (the “Series 2010 Bonds”) Unlimited Tax Bonds, Series 2013 (the “Series 2013 Bonds”), Unlimited Tax Bonds, Series 2017 (the “Series 2017 Bonds”), Unlimited Tax Bonds, Series 2021A (the “Series 2021A Bonds”) and Unlimited Tax Bonds, Series 2024 (the “Series 2024 Bonds”) to finance the System. The District also has issued Unlimited Tax Refunding Bonds, Series 2015 (the “Series 2015 Refunding Bonds”) Unlimited Tax Refunding Bonds, Series 2016 (the Series 2016 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2021 (the Series 2021 Refunding Bonds”) and Unlimited Tax Refunding Bonds, Series 2022 (the Series 2022 Refunding Bonds”) to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds previously issued by the District as the “Prior Bonds.” As of the date hereof, the principal amount of the Prior Bonds that has not been previously retired by the District is \$30,910,000 (the “Outstanding Bonds”). After issuance of the Bonds, the aggregate principal amount of the District’s bonded indebtedness, including the Bonds, will be \$33,910,000. In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with the 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 “INVESTMENT CONSIDERATIONS - Future Debt.”

Qualified Tax-Exempt Obligations .....

The District will designate the Bonds as “qualified tax-exempt obligations” for financial institutions. See “TAX MATTERS - Qualified Tax-Exempt Obligations.”

Authorized But Unissued Bonds.....

\$25,455,000 bonds for waterworks, wastewater and drainage facilities, \$42,725,000 for refunding purposes, and \$6,000,000 bonds for recreational facilities will remain authorized but unissued after issuance of the Bonds. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS-Future Debt.”

Municipal Bond Insurance and Ratings .....

Applications have been made to Assured Guaranty Inc. (“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 other than Moody’s Investors Service, Inc. (“Moody’s”), 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 except the Moody’s rating fees as described below. Moody’s has assigned an underlying rating of “A3” to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by Moody’s, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody’s and the Moody’s rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption “NO MATERIAL ADVERSE CHANGE,” if the Underwriter elects to purchase municipal bond 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. See “SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings.”

Legal Opinion .....

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

### THE DISTRICT

Description .....

The District is a political subdivision of the State of Texas, created by Order of the TCEQ, on May 28, 2004. The District contains approximately 911.40 acres of land. The District is located entirely within the corporate boundaries of the City of Manvel, Texas (the “City”). The District is located approximately 18 miles south of the central business district of the City of Houston. The District is bounded on the west by County Road 48, on the east by State Highway 288, and on the north by County Road 58. Rodeo Palms Parkway crosses the southern portion of the District. The District lies within the Alvin Independent School District. See “THE DISTRICT - General,” - “Description” and “APPENDIX A - LOCATION MAP.”

The City, the District and New Rodeo 288 Ltd. (“NR”) (defined below under the caption “Developers”) entered into an Amended and Restated Development Agreement dated August 27, 2007 (the “Development Agreement”), to provide a water distribution system, sanitary sewer collection system and a drainage system (the “System” or the “Facilities”) within the District. Under the terms of the Development Agreement, the District is responsible for constructing, owning and operating the System, and collects all water and sewer revenues from residents of the District. The City may by resolution require the District to convey its then-existing Facilities, and all Facilities thereafter constructed, to the City free and clear of all liens and encumbrances (but subject to the reservation of capacity and rights of reimbursement for funds advanced to the District with respect thereto), for ownership, operation and maintenance by the City at any time after the District has 800 active equivalent single-family connections (“ESFC”), based on an estimated average usage of 350 gallons of water per day. See “THE DISTRICT - Development Agreement.”

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, Home Construction  
And Developers .....

As of March 1, 2026, development and home construction accomplished in the District include the completion of the development of 2,222 single-family residential lots, and 2,057 homes, including 25 homes under construction (see

“Builder” below). In addition, the development of 212 single-family residential lots on approximately 68.95 acres located within the District has been initiated as described below.

According to the District’s Engineer, underground water, sewer and drainage facilities and street paving have been constructed to serve the aforementioned total of 2,222 single-family residential lots on approximately 580.19 acres platted as Rodeo Palms, Section 1; The Colony, Sections 1, 2, 4, 5 and 6; Palm Court, Sections 1 and 2; Palm Shore, Sections 1 through 3; Palm Villas, Sections 1 and 2; Palm Lakes; Royal Palms, Sections 1 and 2; Newport Lake Estates, Sections 1 and 2; The Lakes, Sections 2 through 5; and Foxtail Palms, Section 1 as is delineated in the chart that appears in this Official Statement. In addition, JJ Development (described this Official Statement under the caption “DEVELOPERS”) initiated the development of Yanni Palms, Section 1 (212 single-family residential lots, approximately 68.95 acres). However, in May 2021, JJ Development announced the foreclosure of its Yanni Palms development and the property has been foreclosed on by Romspen Investment Corporation (“Romspen”). The District cannot predict whether any future development will be undertaken in Yanni Palms or on any additional acres owned by Romspen. Since Romspen has no obligation to the District to complete the development of Yanni Palms, Section 1, the District cannot represent that the development thereof will be completed. See “DEVELOPERS.”

An approximately 16,400 square foot day care center has been constructed on approximately 2.14 acres of land within the District. Approximately 30.0 acres located within the District are owned by the Alvin Independent School District on which a middle school has been constructed. Approximately 120.77 undeveloped acres of land located within the District are available for future development. The balance of the land located within the District consists of easements, rights-of-way, and other land not available for development. Approximately 37 of such currently undeveloped acres that are available for future development are owned by New Rodeo 288, Ltd. (“NR”) (described in this Official Statement under the caption “DEVELOPERS”), the developer of the 620 fully developed single-family residential lots that have been platted as The Colony, Sections 1, 2, 4 and 5; Palm Lakes; and Royal Palms, Sections 1 and 2. It is anticipated that NR will develop such currently undeveloped acreage in the future for commercial purposes. Approximately 11.05 of such undeveloped acres that are available for future development are owned by Newport Lake Estates Development, L.P. (“Newport”) (described this Official Statement under the caption “DEVELOPERS”), the developer of the 187 fully developed single-family residential lots that have been platted as Newport Lake Estates, Sections 1 and 2. It is anticipated that

Newport will develop such currently undeveloped acreage in the future into approximately 10 single-family residential lots. As stated above, JJ Development announced the foreclosure of its Yanni Palms development in the District and the property has been foreclosed on by Romspen. The District cannot predict whether any future development in Yanni Palms or the additional 57.68 acres owned by Romspen will take place. Since no party, including NR, Newport, or Romspen has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See "FUTURE DEVELOPMENT," "TAX DATA - Principal 2025 Taxpayers," and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior 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 "INVESTMENT CONSIDERATIONS - Future Debt."

Builder .....

According to Foxtail, Saratoga Homes is currently constructing homes in Foxtail Palms, Section 1, which range in size from approximately 1,687 to 3,460 square feet of living area and in sales price from approximately \$389,888 to \$469,888; and Smith Douglas Homes is currently constructing homes in Foxtail Palms, Section 1, which range in size from approximately 1,826 to 2,841 square feet of living area and in sales price from approximately \$299,990 to \$362,990.

Reference is made in this Official Statement to Saratoga Homes and Smith Douglas Homes together as the "Builder."

### INVESTMENT CONSIDERATIONS

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

**SELECTED FINANCIAL INFORMATION  
(UNAUDITED)**

2025 Assessed Valuation .....	\$ 614,953,402 (a)
(As of January 1, 2025)	
See "TAX DATA" and "TAXING PROCEDURES"	
Direct Debt:	
Outstanding Bonds .....	\$ 30,910,000
The Bonds .....	<u>3,000,000</u>
Total .....	\$ 33,910,000 (b)
Estimated Overlapping Debt .....	\$ <u>69,342,205</u>
Total Direct and Estimated Overlapping Debt .....	\$ 103,252,205
Direct Debt Ratio	
: as a percentage of 2025 Assessed Valuation.....	5.51 %
Direct and Overlapping Debt Ratio	
: as a percentage of 2025 Assessed Valuation.....	16.79 %
Debt Service Fund Balance as of February 20, 2026 .....	\$ 2,779,170 (c)
General Fund Balance as of February 20, 2026.....	\$ 12,713,788
2025 Tax Rate per \$100 of Assessed Valuation	
Debt Service Tax.....	\$ 0.34
Maintenance Tax.....	<u>0.37</u>
Total .....	\$ 0.71 (d)
Average Percentage of Total Tax Collections (2015-2024) as of February 28, 2026.....	99.87 %
Percentage of Tax Collections of 2025 Levy as of February 28, 2026 (In process of collection).....	96.35 %
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2042) .....	\$ 2,494,302
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2042) .....	\$ 2,690,119
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2042) at 95% Tax Collections	
Based Upon 2025 Assessed Valuation.....	\$ 0.43
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2042) at 95% Tax Collections	
Based Upon 2025 Assessed Valuation.....	\$ 0.47

Number of Single Family Homes (including 25 homes under construction) .....

2,057

- (a) As of January 1, 2025, and comprises the District's 2025 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 "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
- (b) 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 "INVESTMENT CONSIDERATIONS - Future Debt."
- (c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of the debt service requirements on the Outstanding Bonds that were due on March 1, 2026. The District's remaining debt service payments for 2026, which are due on September 1, 2026, total \$470,919, and consist of the payment of interest on the Outstanding Bonds. The District's initial debt service payment on the Bonds is due on March 1, 2027, and consists of an interest payment thereon.
- (d) The District levied a debt service tax in the amount of \$0.34 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.37 per \$100 of Assessed Valuation for 2025. The District lies wholly within the municipal boundaries of the City of Manvel (the "City"), and all land within the district is subject to taxation by the City. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all units of government which levy taxes against the property located within the District, plus the 2025 tax of the District is \$3.073806 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 municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

**\$3,000,000**  
**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 29**  
**UNLIMITED TAX BONDS**  
**SERIES 2026**

**INTRODUCTION**

This Official Statement provides certain information with respect to the issuance by Brazoria County Municipal Utility District No. 29 (the “District”) of its Unlimited Tax Bonds, Series 2026 (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.

**THE BONDS**

**General**

The Bonds are dated May 1, 2026. Interest accrues from the date of initial delivery (the “Date of Delivery”), at the rates shown on the inside cover page hereof, and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds are fully-registered bonds maturing on March 1 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](http://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 March 1, 2032, 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 March 1, 2031, 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 11, 2004, voters of the District authorized a total of \$67,000,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, \$6,000,000 for recreational facilities, and \$43,500,000 for refunding purposes. After sale of the Bonds, a total of \$25,455,000 principal amount of unlimited tax bonds for facilities, \$42,725,000 for refunding purposes, and \$6,000,000 for recreational 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 Manvel, 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 \$67,000,000 unlimited tax bonds for water, sanitary sewer and drainage facilities, \$6,000,000 for recreational facilities, and could authorize additional amounts. Following the issuance of the Bonds, \$25,455,000 unlimited tax bonds for construction of water distribution, wastewater collection and storm drainage facilities, and \$6,000,000 for recreational facilities will remain authorized but unissued for such purpose. The District's voters also have authorized \$43,500,000 unlimited tax bonds for refunding purposes, \$42,725,000 of which remain unissued after the issuance of the Bonds. 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.) In addition to the components of the System that the District has financed with portions of 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 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 "INVESTMENT CONSIDERATIONS - Future Debt."

Based on present engineering cost estimates and on development plans supplied by the Developers, in the opinion of the District's consulting engineer, EHRA Engineering (the "Engineer"), the \$25,455,000 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 (1%) but not greater than three percent (3%) of the value of the taxable property in the District. Voters of the District have authorized the issuance of \$6,000,000 in bonds for construction of recreational facilities or for refunding bonds issued for such purposes.

### **Financing Road Facilities**

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. The District has filed an application with the TCEQ for “road powers” and the TCEQ has granted the power to construct roads to the District. Before a district could issue such bonds, it would be required to receive approval of the bonds by the Attorney General of Texas and hold an election to authorize bonds for the purpose of acquiring or constructing road facilities. Voters in the District have not approved any bonds for road purposes, but could do so in the future. Issuance of bonds for roads could dilute the investment security for the Bonds.

### **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 entirely within the corporate limits of the City of Manvel, the District must conform to a City of Manvel ordinance consenting to the creation of the District. In addition, the District may be dissolved by the City of Manvel without the District’s consent. In such event the City of Manvel will assume the District’s assets and obligations (including the Bonds). Dissolution of the District by the City of Manvel is a policy-making matter within the discretion of the Mayor and City Council of the City of Manvel, and therefore, the District makes no representation that the City of Manvel will ever dissolve the District and assume its debt, nor does the District make any representation concerning the ability of the City of Manvel to pay debt service on the District’s bonds if dissolution were to occur.

### **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 utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

## **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 pay (a) a portion of costs of construction of a proposed wastewater treatment plant expansion; engineering, testing and storm water compliance costs associated with the foregoing project; and a Texas Pollutant Discharge Elimination System major amendment permit; and (b) bond issuance costs, legal fees, financial advisor’s fees, fees to the TCEQ and the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

<b>Construction Costs</b>	<b><u>District Share</u></b>
A. Developer Contribution Items - None	
B. District Items	
1. Wastewater Treatment Plant Expansion	\$ 2,447,069
2. Contingencies	244,707
3. Engineering, Testing & Storm Water Compliance	228,892
4. TPDES Major Amendment Permit	<u>72,300</u>
Total District Items	\$2,992,968
Less Use of Surplus Funds	<u>(\$342,888)</u>
<b>TOTAL CONSTRUCTION COSTS</b>	<b>\$2,650,080</b>
<b>Non-Construction Costs</b>	
1. Legal Fees	\$ 90,000
2. Financial Advisor Fees	60,000
3. Bond Discount	90,000
4. Bond Issuance Expenses	52,420
5. Bond Application Report Costs	47,000
6. Attorney General Fee	3,000
7. TCEQ Bond Issuance Fee	7,500
8. Contingencies*	<u>0</u>
<b>TOTAL NON-CONSTRUCTION COSTS</b>	<b>\$349,920</b>
<b>TOTAL BOND ISSUE REQUIREMENT</b>	<b>\$3,000,000</b>

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\* 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 developers 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 is a municipal utility district created by an order of the TCEQ, dated May 28, 2004, under Article XVI, Section 59 of the Texas Constitution, and operates under 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 wholly within the corporate limits of the City of Manvel, 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. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District. The District is further empowered to construct roads, however, it is not yet authorized to finance the construction of roads through the sale of bonds. Before a district could issue such bonds, it would be required to receive approval of the bonds by the Attorney General of Texas and hold an election to authorize bonds for the purpose of acquiring or constructing road facilities.

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

### **Development Agreement**

The District is located wholly within the corporate limits of the City of Manvel (the "City"). The City, the District and NR entered into an Amended Development Agreement dated August 27, 2007, (the "Development Agreement"), to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System" or the "Facilities") within the District. Under the terms of the Development Agreement, the District is responsible for constructing, owning and operating the System. The District adopts rates and charges applicable to such services, and bills and collects for same, with all revenues derived therefrom being the property of the District. The City may by resolution require the District to convey its then-existing Facilities, and all Facilities thereafter constructed, to the City free and clear of all liens and encumbrances (but subject to the reservation of capacity and rights of reimbursement for funds advanced to the District with respect thereto), for ownership, operation and maintenance by the City at any time after the District has 800 active equivalent single-family connections ("ESFC"), based on an estimated average usage of 350 gallons of water per day. In consideration of such conveyance, upon request of the District, the City will include an additional amount to City utility bills not to exceed \$5.00 per active ESFC per month, payable to the District to assist with the District's administrative costs.

In the Development Agreement, the City has agreed to make an annual payment to the District consisting of a portion of the City ad valorem taxes imposed and collected by the City on land and improvements located within the District in accordance with a formula set out in the Development Agreement (the “Annual Payment”). To date, no Annual Payments have been due pursuant to the Development Agreement. The District does not at this time expect that Annual Payments will be received, nor would the Annual Payments materially affect the District’s financial position, and the District has not pledged such payments as security for the Bonds.

**Description**

The District contains approximately 911.40 acres of land. The District is located entirely within the corporate boundaries of the City of Manvel, Texas (the “City”). The District is located approximately 18 miles south of the central business district of the City of Houston. The District is bounded on the west by County Road 48, on the east by State Highway 288, and on the north by County Road 58. Rodeo Palms Parkway crosses the southern portion of the District. The District lies within the Alvin Independent School District. See “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. Three of the Directors currently reside within the District.

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Eddie Cook	President	2028
Cassandra L. Cantner	Vice President	2026
Robina Spruill	Secretary	2028
Erin Garcia	Assistant Vice President	2026
Elizabeth Miller	Assistant Secretary	2028

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 EHRA Engineering, 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 Municipal Accounts & Consulting, L.P. 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 July 31, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. A copy of the District's financial statements for the fiscal year ended July 31, 2025, is included as “APPENDIX B” to this Official Statement.

Utility System Operator - Municipal Operations & Consulting, Inc. is the general operator of the System.

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 March 1, 2026, development and home construction accomplished in the District include the completion of the development of 2,222 single-family residential lots, and 2,057 homes, including 25 homes under construction (see “BUILDER” below). In addition, the development of 212 single-family residential lots on approximately 68.95 acres located within the District has been initiated as described below.

According to the District’s Engineer, underground water, sewer and drainage facilities and street paving have been constructed to serve the aforementioned total of 2,222 single-family residential lots on approximately 580.19 acres platted as Rodeo Palms, Section 1; The Colony, Sections 1, 2, 4, 5 and 6; Palm Court, Sections 1 and 2; Palm Shore, Sections 1 through 3; Palm Villas, Sections 1 and 2; Palm Lakes; Royal Palms, Sections 1 and 2; Newport Lake Estates, Sections 1 and 2; The Lakes, Sections 2 through 5; and Foxtail Palms, Section 1 as is delineated in the chart that appears below. In addition, JJ Development (described below under the caption “DEVELOPERS”) initiated the development of Yanni Palms, Section 1 (212 single-family residential lots, approximately 68.95 acres). However, in May 2021, JJ Development announced the foreclosure of its Yanni Palms development and the property has been foreclosed on by Romspen Investment Corporation (“Romspen”). The District cannot predict whether any future development will be undertaken in Yanni Palms or on any additional acres owned by Romspen. Since Romspen has no obligation to the District to complete the development of Yanni Palms, Section 1, the District cannot represent that the development thereof will be completed. See “DEVELOPERS” below.

An approximately 16,400 square foot day care center has been constructed on approximately 2.14 acres of land within the District. Approximately 30.0 acres located within the District are owned by the Alvin Independent School District on which a middle school has been constructed. Approximately 120.77 undeveloped acres of land located within the District are available for future development. The balance of the land located within the District consists of easements, rights-of-way, and other land not available for development. Approximately 37 of such currently undeveloped acres that are available for future development are owned by New Rodeo 288, Ltd. (“NR”) (described below under the caption “DEVELOPERS”), the developer of the 620 fully developed single-family residential lots that have been platted as The Colony, Sections 1, 2, 4 and 5; Palm Lakes; and Royal Palms, Sections 1 and 2. It is anticipated that NR will develop such currently undeveloped acreage in the future for commercial purposes. Approximately 11.05 of such undeveloped acres that are available for future development are owned by Newport Lake Estates Development, L.P. (“Newport”) (described below under the caption “DEVELOPERS”), the developer of the 187 fully developed single-family residential lots that have been platted as Newport Lake Estates, Sections 1 and 2. It is anticipated that Newport will develop such currently undeveloped acreage in the future into approximately 10 single-family residential lots. As stated above, JJ Development announced the foreclosure of its Yanni Palms development in the District and

the property has been foreclosed on by Romspen. The District cannot predict whether any future development in Yanni Palms or the additional 57.68 acres owned by Romspen will take place. Since no party, including NR, Newport, or Romspen has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See “FUTURE DEVELOPMENT,” “TAX DATA - Principal 2025 Taxpayers,” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior 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 “INVESTMENT CONSIDERATIONS - Future Debt.”

As of March 1, 2026, the status of land development and home construction within the District was as follows:

Subdivision	LOTS				HOMES*				Totals
	Developed	Acres	Under Development	Acres	Under Construction		Complete		
					Sold	Unsold	Sold	Unsold	
Rodeo Palms									
Section 1	62	63.41			0	0	62	0	62
The Colony									
Section 1	142	22.10			0	0	142	0	142
Section 2	98	20.80			0	0	98	0	98
Section 4	55	10.60			0	0	55	0	55
Section 5	58	11.54			0	0	58	0	58
Section 6	37	18.21			0	0	37	0	37
Palm Court									
Section 1	138	26.16			0	0	138	0	138
Section 2	95	18.88			0	0	95	0	95
Palm Shore									
Section 1	160	26.48			0	0	160	0	160
Section 2**	85	14.14			0	0	85	0	85
Section 3**	149	25.50			0	0	149	0	149
Palm Villas									
Section 1	140	27.35			0	0	140	0	140
Section 2	42	9.28			0	0	42	0	42
Palm Lakes	119	34.37			0	0	119	0	119
Royal Palms									
Section 1	91	25.45			0	0	91	0	91
Section 2	57	11.90			0	0	57	0	57
Newport Lake Estates									
Section 1	101	26.53			0	0	101	0	101
Section 2	86	21.70			0	0	86	0	86
The Lakes									
Section 2	107	34.65			0	0	107	0	107
Section 3	136	41.50			0	0	136	0	136
Section 4	29	6.98			0	0	29	0	29
Section 5	8	1.67			0	0	8	0	8
Yanni Palms									
Section 1***			212	68.95	0	0	0	0	0
Foxtail Palms									
Section 1	227	80.99			20	5	33	4	62
Totals	2,222	580.19	212	68.95	20	5	2,028	4	2,057

\* 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.

\*\* Camillo Properties has constructed homes on all of such Palm Shore, Sections 2 and 3 lots for the purpose of leasing such homes to tenants. Such homes are currently owned by Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1, all related entities to Camillo Properties. See "TAX DATA - Principal 2025 Taxpayers" and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates - Developer/Builder/Landowner Obligation to the District."

\*\*\* On May 5, 2021, JJ Development announced the foreclosure of its Yanni Palms development and the property has been foreclosed on by Romspen. The District cannot predict whether any future development will be undertaken in Yanni Palms or on any additional acres owned by Romspen.

## DEVELOPERS

### 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 Prior 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 Orders authorizing the District to issue the Prior Bonds and 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 Developers

The developer of approximately 136.76 acres of land located within the District into 620 single-family residential lots known as The Colony, Sections 1, 2, 4, and 5; Palm Lakes; and Royal Palms, Sections 1 and 2, is New Rodeo 288, Ltd. ("NR"). NR is a Texas limited partnership whose general partner is New RP, Inc., a Texas corporation ("NRP"). NR is owned in equal shares by CFW Family Limited Partnership, Camcorp Interests, Ltd. and Meritage Homes of Texas, LLC. In addition to the aforementioned single-family residential lots that NR has developed in the District, NR owns approximately 37 acres of undeveloped land located within the District that are expected to be developed in the future for commercial purposes. However, since NR has no obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed on any of such currently undeveloped acres.

The developer of approximately 169.62 acres of land located within the District into 777 single-family residential lots known as Palm Shore, Sections 1 through 3; Palm Villas, Section 1; and The Lakes, Sections 2 and 3, is CMI Palms, Ltd., a Texas limited partnership ("CMI") whose general partner is Camcorp Management, Inc., a Texas corporation. 99% of the stock of CMI is owned by Camcorp Interests, Ltd., a Texas limited partnership ("CI"). CMI has sold all of the aforementioned Palm Shore, Sections 2 and 3 lots to Camillo Properties, Ltd. ("Camillo Properties"), whose general partner is Camillo Properties GP, a Texas corporation, for the purpose of leasing such homes to tenants. To the extent that Camillo Properties continues constructing homes within the District for the purpose of leasing such homes to tenants, and to the extent that the ownership of such homes is concentrated in Camillo Properties and/or related entities, the proportion of the District's tax roll that is owned by such entities will increase substantially. Such Palm Shore homes are currently owned by Camillo Houses CV #1, Camillo A-1 Property Owner LLC, Camillo LT 2018-SFR, and Camillo B Houses #1, all related entities to Camillo Properties. CMI owns no additional land located in the District. See "TAX DATA - Principal 2025 Taxpayers" and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates - Developer/Builder/Landowner Obligation to the District."

The developer of approximately 9.28 acres of land located within the District into 42 single-family residential lots known as Palm Villas, Section 2, is Castlerock Communities, L.P. ("Castlerock"). Castlerock owns no additional land located within the District.

The developer of approximately 48.23 acres of land located within the District into 187 single-family residential lots known as Newport Lakes Estates, Sections 1 and 2, is Newport Lakes Estates Development, L.P. (“Newport”). In addition to the aforementioned single-family residential lots that Newport has developed in the District, Newport owns approximately 11.05 acres of currently undeveloped land located within the District that are expected to be developed in the future into approximately 10 single-family residential lots. However, since Newport has no obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed on any of such currently undeveloped acres.

JJ Development Company LLC (“JJ Development”) initiated the development of approximately 68.95 acres of land located within the District into 212 single-family residential lots known as Yanni Palms, Section 1. However, in May 2021, JJ Development announced the foreclosure of its Yanni Palms development and the property has been foreclosed on by Romspen Investment Corporation (“Romspen”). In addition, Romspen owns approximately 57.68 acres of undeveloped land located within the District. The District cannot predict whether Romspen, or any future developer, will undertake any future development of such land in the District. Since Romspen has no obligation to the District to complete the development of Yanni Palms, Section 1 or to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed on any of such currently undeveloped acres.

The developer of approximately 18.21 acres of land located within the District into 37 single-family residential lots known as The Colony, Section 6, is D.R. Horton. D.R. Horton owns no additional land located within the District.

The developer of approximately 80.99 acres of land located within the District into 227 single-family residential lots known as Foxtail Palms, Section 1, is Foxtail Sky LLC (“Foxtail”). Foxtail owns no additional land located within the District.

NR, CMI, Newport, Romspen, D.R. Horton and Foxtail are together referred to in this Official Statement as the “Developers.”

### **BUILDER**

According to Foxtail, Saratoga Homes is currently constructing homes in Foxtail Palms, Section 1, which range in size from approximately 1,687 to 3,460 square feet of living area and in sales price from approximately \$389,888 to \$469,888; and Smith Douglas Homes is currently constructing homes in Foxtail Palms, Section 1, which range in size from approximately 1,826 to 2,841 square feet of living area and in sales price from approximately \$299,990 to \$362,990.

Reference is made in this Official Statement to Saratoga Homes and Smith Douglas Homes together as the “Builder.”

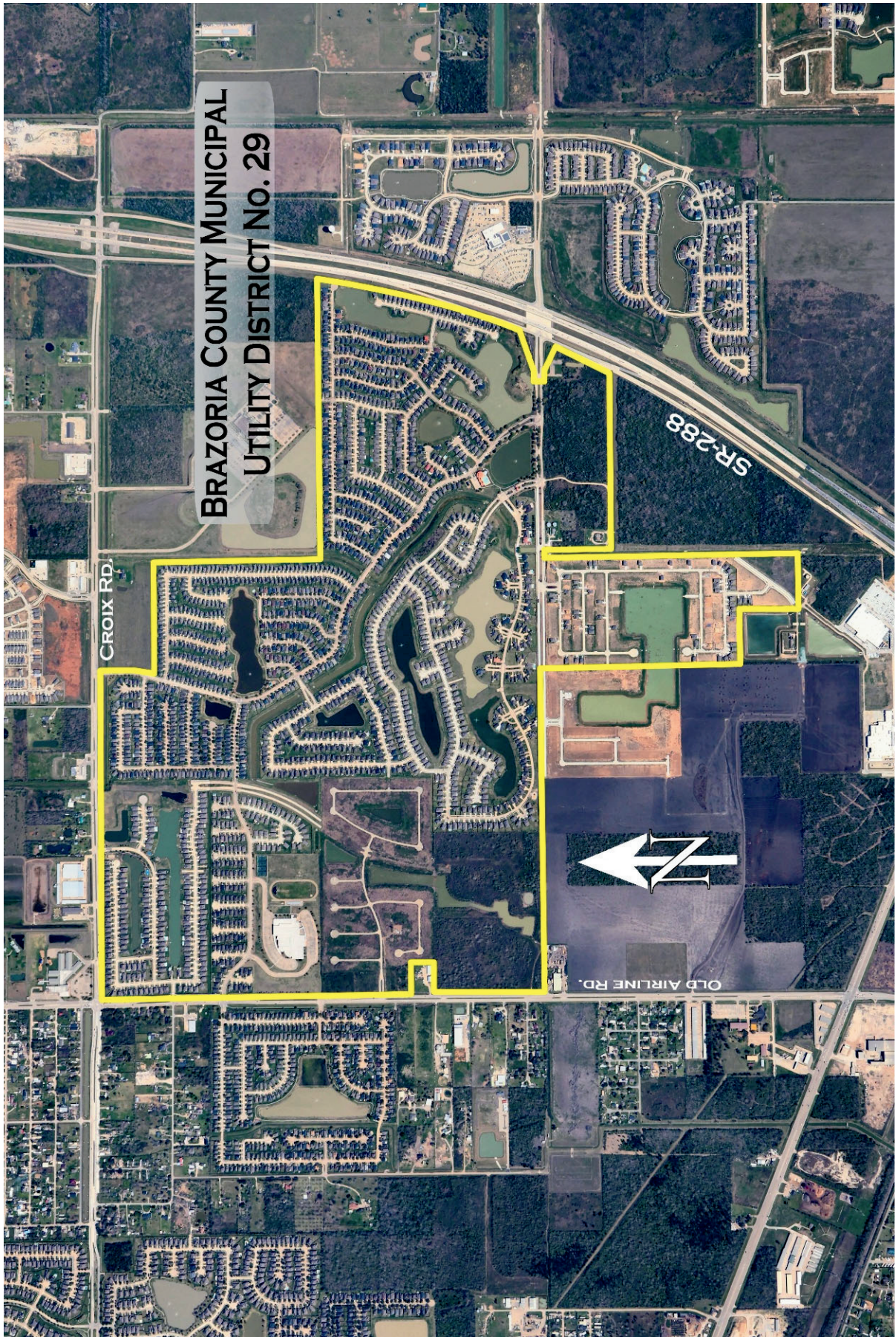
### **FUTURE DEVELOPMENT**

In addition to the land that is located within the District that has been developed as is described in this Official Statement, approximately 120.77 undeveloped acres of land located within the District are available for future development. The balance of the land located within the District consists of easements, rights-of-way, and other land not available for development. Approximately 37 of such acres that are available for future development are owned by NR. It is anticipated that NR will develop such currently undeveloped acreage in the future for commercial purposes. Approximately 11.05 of such acres that are available for future development are owned by Newport. It is anticipated that Newport will develop such currently undeveloped acreage in the future into 10 single-family residential lots. Approximately 57.68 of such acres that are available for future development are owned by Romspen, the successor to the developer of the 212 single-family residential lots that have been platted as Yanni Palms, Section 1. The District cannot predict whether any future development will occur in Yanni Palms or on the additional acreage that Romspen owns.

Since no party, including NR, Newport, or Romspen has any obligation to the District to develop any of such currently undeveloped acres at any particular pace or at all, the District cannot represent that any development will be undertaken or completed in the District in addition to the development undertaken therein to date. See “TAX DATA - Principal 2025 Taxpayers” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

Based on present engineering cost estimates and on development plans supplied by the Developers, in the opinion of the District's consulting engineer, EHRA Engineering (the “Engineer”), the \$25,455,000 authorized but unissued bonds will be adequate to finance the extension of water, wastewater and storm drainage/detention facilities to serve all of the remaining undeveloped portions of the District. In the event that such remaining voted authorization were to be insufficient to finance the construction of all water, wastewater and drainage facilities necessary to provide service to all of the currently undeveloped portions of the District, the District would be required to obtain the consent of District voters to increase such authorization at an election held for such purpose. The District makes no representation that any future development will be undertaken in the District. See “THE BONDS - Issuance of Additional Debt,” “DEVELOPMENT AND HOME CONSTRUCTION,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.” If the undeveloped portions of the District are eventually developed, additions to the District's water, sanitary sewer and drainage systems required to service such undeveloped acreage may be financed by future issues of the District's bonds. In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with the 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 “INVESTMENT CONSIDERATIONS - Future Debt.”

AERIAL PHOTOGRAPH OF THE DISTRICT  
(taken March 2026)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT  
(taken March 2026)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT  
(taken March 2026)



## DISTRICT DEBT

### General

The following tables and calculations relate to the Bonds and the Outstanding Bonds. After issuance of the Bonds, the aggregate principal amount of the Outstanding Bonds, will be \$33,910,000. 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.

2025 Assessed Valuation .....	\$	614,953,402 (a)
(As of January 1, 2025)		
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Outstanding Bonds .....	\$	30,910,000
The Bonds .....		<u>3,000,000</u>
Total .....	\$	33,910,000 (b)
Estimated Overlapping Debt .....	\$	<u>69,342,205</u>
Total Direct and Estimated Overlapping Debt .....	\$	103,252,205
Direct Debt Ratio		
: as a percentage of 2025 Assessed Valuation.....		5.51 %
Direct and Overlapping Debt Ratio		
: as a percentage of 2025 Assessed Valuation.....		16.79 %
Debt Service Fund Balance as of February 20, 2026 .....	\$	2,779,170 (c)
General Fund Balance as of February 20, 2026.....	\$	12,713,788
2025 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.34
Maintenance Tax.....		<u>0.37</u>
Total .....	\$	0.71 (d)
Average Percentage of Total Tax Collections (2015-2024) as of February 28, 2026.....		99.87 %
Percentage of Tax Collections of 2025 Levy as of February 28, 2026		
(In process of collection) .....		96.35 %

(a) As of January 1, 2025, and comprises the District's 2025 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 "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) 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 "INVESTMENT CONSIDERATIONS - Future Debt."

- (c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of the debt service requirements on the Outstanding Bonds that were due on March 1, 2026. The District's remaining debt service payments for 2026, which are due on September 1, 2026, total \$470,919, and consist of the payment of interest on the Outstanding Bonds. The District's initial debt service payment on the Bonds is due on March 1, 2027, and consists of an interest payment thereon.
- (d) The District levied a debt service tax in the amount of \$0.34 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.37 per \$100 of Assessed Valuation for 2025. The District lies wholly within the municipal boundaries of the City of Manvel (the "City"), and all land within the district is subject to taxation by the City. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all units of government which levy taxes against the property located within the District, plus the 2025 tax of the District is \$3.073806 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 municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - 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.

<b>Taxing Jurisdiction</b>	<b><u>Debt as of</u> <u>February 1, 2026</u></b>	<b><u>Estimated Overlapping</u> <u>Percent</u></b>	<b><u>Amount</u></b>
Brazoria County	\$226,118,313	1.0154%	\$2,296,022
City of Manvel	94,510,000	26.1280%	24,693,528
Alvin Community College District	46,170,000	2.7708%	1,279,277
Alvin Independent School District	1,018,720,000	4.0319%	<u>41,073,378</u>
Total Estimated Overlapping Debt			\$69,342,205
The District (the Bonds and the Outstanding Bonds)			<u>\$ 33,910,000</u>
Total Direct & Estimated Overlapping Debt			\$103,252,205

**Debt Ratios**

	<b><u>% of 2025</u> <u>Assessed</u> <u>Valuation</u></b>
Direct Debt . . . . .	5.51%
Direct and Estimated Overlapping Debt . . . . .	16.79%

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 has levied a maintenance tax of \$0.37 per \$100 of Assessed Valuation in 2025. See “TAX DATA - Maintenance Tax.”

**Debt Service Requirement Schedule**

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

<u>Year Ending December 31</u>	<u>Current Total Debt Service</u>	<u>Plus: – The Bonds –</u>		<u>Current Total New Debt Service Requirements</u>
		<u>Principal (Due 3/1)</u>	<u>Interest *</u>	
2026	\$2,109,144			\$2,109,144
2027	2,123,488		\$220,000	2,343,488
2028	2,132,488	\$65,000	163,213	2,360,701
2029	2,143,138	70,000	159,500	2,372,638
2030	2,158,697	75,000	155,513	2,389,210
2031	2,177,319	75,000	151,388	2,403,707
2032	2,193,606	85,000	146,988	2,425,594
2033	2,207,575	90,000	142,175	2,439,750
2034	2,224,728	95,000	137,088	2,456,816
2035	2,269,238	100,000	131,725	2,500,963
2036	2,288,725	105,000	126,088	2,519,813
2037	2,309,100	110,000	120,175	2,539,275
2038	2,341,625	115,000	113,988	2,570,613
2039	2,374,000	120,000	107,525	2,601,525
2040	2,406,125	130,000	100,650	2,636,775
2041	2,429,481	135,000	93,363	2,657,844
2042	2,459,456	145,000	85,663	2,690,119
2043	987,550	150,000	77,550	1,215,100
2044	1,004,800	160,000	69,025	1,233,825
2045	1,015,656	170,000	59,950	1,245,606
2046	575,250	180,000	50,325	805,575
2047	583,650	190,000	40,150	813,800
2048	593,775	200,000	29,425	823,200
2049		210,000	18,150	228,150
2050		225,000	6,188	231,188
	\$43,108,614	\$3,000,000	\$2,505,805	\$48,614,419
Average Annual Requirements: (2027-2042).....				\$2,494,302
Maximum Annual Requirement: (2042).....				\$2,690,119

\* Interest is estimated at 5.50% 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 Outstanding Bonds and 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 “INVESTMENT CONSIDERATIONS”). The District has levied a debt service tax for 2025 at a rate of \$0.34 per \$100 of Assessed Valuation. See - “Tax Rate Distribution” below.

**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 September 11, 2004, 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 Outstanding Bonds, the Bonds and any tax-supported bonds which may be issued in the future. The District has levied a maintenance tax of \$0.37 per \$100 of Assessed Valuation for 2025. 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 &amp; Prior Years(b)</u>	<u>Year Ended 9/30</u>
2015	\$145,646,547	\$0.940	\$1,368,965	99.86%	2016
2016	186,948,091	0.940	1,757,312	99.88	2017
2017	230,159,828	0.940	2,163,502	99.90	2018
2018	275,069,124	0.940	2,585,537	99.91	2019
2019	310,845,974	0.940	2,921,727	99.92	2020
2020	334,940,137	0.910	3,047,955	99.92	2021
2021	375,037,498	0.880	3,300,330	99.87	2022
2022	455,491,331	0.820	3,735,029	99.88	2023
2023	565,148,005	0.760	4,295,125	99.88	2024
2024	610,922,468	0.695	4,245,911	99.71	2025
2025	614,953,402	0.710	4,366,169	96.35(c)	2026

(a) Per \$100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through February 28, 2026. 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 February 28, 2026. In process of collection.

**Tax Rate Distribution**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt Service	\$0.34	\$0.310	\$0.40	\$0.31	\$0.40
Maintenance	<u>0.37</u>	<u>0.385</u>	<u>0.36</u>	<u>0.51</u>	<u>0.48</u>
Total	\$0.71	\$0.695	\$0.76	\$0.82	\$0.88

## 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>2025</u>		<u>2024</u>		<u>2023</u>	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$150,410,600	24.46%	\$148,073,350	24.24%	\$147,303,676	26.06%
Improvements	508,858,843	82.75%	516,681,711	84.57%	487,316,004	86.23%
Personal Property	9,780,280	1.59%	7,933,030	1.30%	7,368,720	1.30%
Exemptions	<u>-54,088,281</u>	<u>-8.80%</u>	<u>-61,765,550</u>	<u>-10.11%</u>	<u>-76,840,395</u>	<u>-13.60%</u>
Total	\$614,961,442	100.00%	\$610,922,541	100.00%	\$565,148,005	100.00%

<u>Type of Property</u>	<u>2022</u>		<u>2021</u>	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$91,000,320	19.98%	\$69,916,270	18.64%
Improvements	400,164,245	87.85%	317,296,862	84.60%
Personal Property	7,070,340	1.55%	5,936,420	1.58%
Exemptions	<u>-42,743,574</u>	<u>-9.38%</u>	<u>-18,112,054</u>	<u>-4.83%</u>
Total	\$455,491,331	100.00%	\$375,037,498	100.00%

## Principal 2025 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, 2025. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2025.

<u>Property Owner</u>	<u>Property Description</u>	<u>2025 Taxable Value</u>	<u>% of 2025 Tax Roll</u>
Camillo Houses CV #1*	Land and Improvements	\$12,247,850	1.99%
Camillo Properties LLC*	Land and Improvements	11,355,370	1.85%
Ric Manvel Palms LLC	Land	7,198,280	1.17%
SRP SUB LLC	Land and Improvements	6,107,854	0.99%
Camillo ML 2022 TRM-SFR*	Land and Improvements	4,577,210	0.74%
MBBT Real Estate	Land and Improvements	4,400,000	0.72%
American Residential Leasing Co LP	Land and Improvements	4,024,774	0.65%
2018-4 IH Borrower LP	Land and Improvements	3,444,565	0.56%
Centerpoint Energy	Utilities	2,333,930	0.38%
Foxtail Sky LLC	Land	<u>2,267,780</u>	<u>0.37%</u>
		\$57,957,613	9.42%

\* CMI developed the 234 Palm Shore, Sections 2 and 3 lots and conveyed such lots to Camillo Properties which constructed homes for the purpose of leasing such homes to tenants. Such Palm Shore, Sections 2 and 3 homes are currently owned by Camillo Houses CV #1, an entity related to Camillo Properties. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

**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 2025 Assessed Valuation. 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 Prior Bonds and the Bonds.

Average Annual Debt Service Requirements (2027-2042) .....	\$2,494,302
Tax Rate of \$0.43 on the 2025 Assessed Valuation (\$614,953,402) produces.....	\$2,512,085
Maximum Annual Debt Service Requirement (2042) .....	\$2,690,119
Tax Rate of \$0.47 on the 2025 Assessed Valuation (\$614,953,402) produces.....	\$2,745,767

The District levied a debt service tax of \$0.34 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.37 per \$100 of Assessed Valuation for 2025. As the above table indicates, the 2025 debt service rate is not sufficient to pay the average or maximum debt service on the Bonds and the Outstanding Bonds, assuming taxable values in the District at the level of the 2025 Assessed Valuation, 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 \$2,779,170 as of February 20, 2026. 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. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS" that is appended to this Official Statement. Moreover, as is illustrated above under the caption "Historical Values and Tax Collection History," as of February 28, 2026, the District had collected an average annual percentage of its property taxes of 99.87% for the period 2015 through 2024, and its 2025 tax levy, which was in the process of collection, was 96.35% collected as of such date. Therefore, the District anticipates that 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 has levied for 2025 - \$0.34 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 2025 taxes levied upon property located within the District and the District's 2025 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>2025 Tax Rate/\$100</u>
Brazoria County	\$0.304758
Alvin Independent School District	1.150000
City of Manvel	0.560000
Alvin Community College	0.156543
Brazoria Drainage District No. 4	0.113276
Brazoria County Emergency Service District #3	0.079229
The District *	<u>0.710000</u>
TOTAL TAX RATE	<u>\$3.073806</u>

\* The District has levied a total tax of \$0.71 per \$100 of Assessed Valuation for 2025, consisting of a debt service tax of \$0.34 per \$100 of Assessed Valuation and a maintenance tax of \$0.37 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 “INVESTMENT CONSIDERATIONS - Future Debt”) and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully 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 2026 tax year, the District has granted a \$10,000 residential homestead exemption for persons 65 years or older, or disabled. 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. The District has not granted a general residential homestead exemption for 2026. 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 Freepport 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**

Brazoria County or the City of Manvel may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City of Manvel, Brazoria County, and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine the 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% 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.

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

## **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 2026 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 "INVESTMENT CONSIDERATIONS - 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 of Manvel, Brazoria County, and the Brazoria Drainage District No. 4.

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency, the City of Manvel and the TCEQ. The following descriptions are based upon information supplied by the District's Engineer.

### **Description**

The System presently serves the 2,222 fully developed single-family residential lots located in the District that are enumerated in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with proceeds of the sale 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" and "INVESTMENT CONSIDERATIONS - Future Debt."

## **Water Supply**

The District's source of water is the District owned Water Plant No. 1 and groundwater from 3 water wells, which consist of a 200 gallons-per-minute ("g.p.m.") well, a 300 g.p.m. well, a 1,200 g.p.m. well, 5,304 g.p.m. of booster pump capacity, 30,000 gallons of hydropneumatic tank capacity, and 636,000 gallons of ground storage tank capacity. The water supply facilities are owned and operated by the District. Proceeds from the sale of the Prior Bonds were used to finance an expansion to Water Plant No. 1. According to the District's Engineer, the aforementioned water supply facilities contain sufficient capacity to provide service to 3,000 ESFCs.

The District has water line interconnections with Brazoria County Municipal Utility District No. 21 and Gulf Coast Utility that provide additional sources of water in the event of an emergency.

## **Wastewater Treatment**

Wastewater treatment for the District is provided by a wastewater treatment plant the capacity of which is 450,000 gallons-per-day ("g.p.d."). According to the District's Engineer, based upon a design criterion of 225 g.p.d./ESFC, the District's wastewater treatment plant capacity is adequate to provide service to 2,000 ESFCs. According to the District's Operator, the wastewater treatment plant is currently operating at 49.1% of permitted capacity based upon actual daily flows at the plant. The City of Manvel ("Manvel") has adopted a design criteria for wastewater treatment plants that utilizes a flow rate of 315 g.p.d./ESFC to determine available capacity of a wastewater treatment plant. In order to meet such design criteria, the District expects to expand the District's wastewater treatment plant to provide sufficient capacity to serve the District at the earlier of the year 2030 or the time at which the actual flow rate of the wastewater treatment plant reaches 85% of permitted capacity. The District expects to finance a portion of such expansion with a portion of the proceeds of the sale of the Bonds. The District has an agreement with Brazoria County MUD No. 47 ("MUD 47") to participate in the expansion of the wastewater treatment plant for increased capacity. Such expansion is currently under design. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

## **Drainage Improvements**

Storm drainage for the District is collected via inlets to underground storm sewers that outfall into detention basins that drain into the Chocolate Bayou.

## **100-Year Flood Plain**

According to the District's Engineer, no portion of the District is designated as lying within the 100-year flood plain of any watercourse as indicated by Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map Number 48039C0110H, Panel 110 of 850, dated June 5, 1989, and Map No. 48039C0020, Panel 20 of 850, dated June 5, 1989.

"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 "INVESTMENT CONSIDERATIONS - Tropical Weather Events."

The National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in 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.

## INVESTMENT CONSIDERATIONS

### General

The Bonds, which are obligations solely of the District and not of the State of Texas, Brazoria County, Texas, the City of Manvel, Texas, or any political subdivision or agency other than the District, are secured by the proceeds an annual ad valorem tax, levied without legal limit as to rate or amount, 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 "Tax Collection Limitations" and "Registered Owners' Remedies and Bankruptcy" below and "THE BONDS - Source of Payment" and "Registered Owners' Remedies."

### 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 developers of the District and of the developed lots which have been sold by the developers 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. Volatility 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 "DEVELOPERS," 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 caption "DEVELOPMENT AND HOME CONSTRUCTION" and "DEVELOPERS," 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 18 miles south of 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/Landowner Obligation to the District:** The ability of a Developer (defined in this Official Statement under the caption "DEVELOPERS"), 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. Camillo Houses CV #1 is the largest taxpayer located in the District. The 2025 Assessed Valuation of property owned by Camillo Houses CV #1 is \$12,247,850, or 1.99% of the 2025 Assessed Valuation of the District. Camillo Houses CV #1 owns homes in Palm Shores, Sections 2 and 3 for the purpose of leasing such homes to tenants as is described in this Official Statement. To the extent that Camillo Houses CV #1 continues leasing such homes to tenants, and to the extent that the ownership of such homes is concentrated in Camillo Houses CV #1 and/or related entities, the proportion of the District's tax roll that is owned by such entities may increase substantially. See "TAX DATA - Principal 2025 Taxpayers." The District cannot predict the level of occupancy of any homes that are owned by Camillo Houses CV #1 within the District that have been constructed for the purpose of leasing such homes to tenants. In addition, on May 5, 2021, JJ Development announced the foreclosure of its Yanni Palms Development. The District cannot predict whether any future development will be undertaken in Yanni Palms or on any additional acres owned by JJ Development. There is no commitment by or legal requirement of the Developers or any other party 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 Builder (see "BUILDER") 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 land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of 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 2025 Assessed Valuation is \$614,953,402. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be \$2,690,119 (2042) and the Average Annual Debt Service Requirements will be \$2,494,302 (2027 through 2042, inclusive). 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 \$0.47 and \$0.43 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 of \$0.34 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.37 per \$100 of Assessed Valuation for 2025. As is indicated above, the 2025 debt service rate is not sufficient to pay the average or maximum annual debt service on the Bonds and the Outstanding Bonds, assuming taxable values in the District at the level of the 2025 Assessed Valuation, 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 \$2,779,170 as of February 20, 2026. 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. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt

service requirements of the Prior Bonds as is delineated in “APPENDIX B - INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS” that is appended to this Official Statement. Moreover, as is illustrated above under the caption “TAX DATA - Historical Values and Tax Collection History,” as of February 28, 2026, the District had collected an average annual percentage of its property taxes of 99.87% for the period 2015 through 2024, and its 2025 tax levy, which was in the process of collection, was 96.35% collected as of such date. Therefore, the District anticipates that 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 has levied for 2025 - \$0.34 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 portions of the proceeds of the sale 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 \$3.073806 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 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 judgement 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 \$25,455,000 unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities, the \$6,000,000 for recreational facilities, the \$42,725,000 for refunding purposes, 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 \$25,455,000 bonds described above for waterworks, wastewater and drainage facilities, and \$6,000,000 for recreational facilities 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 \$25,455,000 bonds for waterworks, wastewater and drainage facilities and \$6,000,000 for recreational facilities is also subject to TCEQ authorization. In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with the 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.”

### **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 Developers, or any future developer(s), or the home building programs which are planned by the Builder, or any future home builders(s), will be continued or completed. The respective competitive position of the Developers and any other developer(s) which might attempt future development projects in the District for home building purposes and the Builder 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 TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the “MS4 Permit”) on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District’s inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

In 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of “waters of the United States” and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, “waters of the United States” includes only geographical features that are described in ordinary parlance as “streams, oceans, rivers, and lakes” and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of “waters of the United States” under the CWA to conform with the Supreme Court’s decision.

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

## **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. However, according to the District's Operator and Engineer, the District's System did not sustain any material damage and there was no interruption of water and sewer service from Hurricane Harvey. Further, according to the District's Operator, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes or commercial improvements within the District.

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 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.

## **Changes in Tax Legislation**

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

## **Cybersecurity**

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

## LEGAL MATTERS

### Legal Opinions

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel to a like effect and to the effect that, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Code (as defined herein), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

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

## 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 2026 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20 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 of the Bonds is less than the stated redemption price payable at maturity of such Bonds (the “OID Bonds”), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions “TAX MATTERS – Tax Exemption” and “TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences” and “—Tax Legislative Changes” generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

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

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

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

#### Tax Legislative Changes

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

## OFFICIAL STATEMENT

### General

The information contained in this Official Statement has been obtained primarily from the District's records, the Developers, 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 July 31, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, 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 EHRA Engineering 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**

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

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 updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

### **Event Notices**

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final 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](http://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**

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

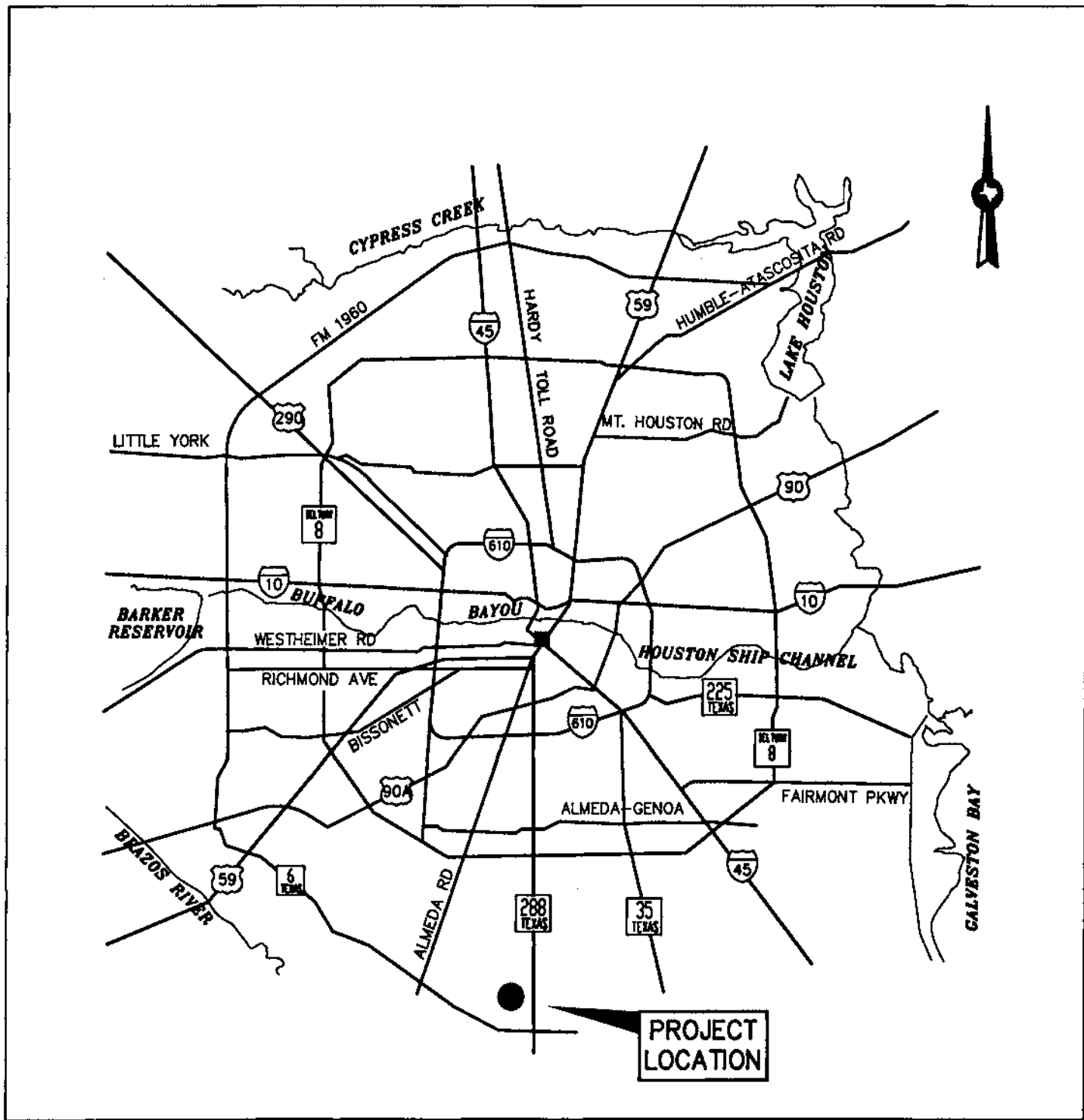
This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 29 as of the date shown on the first page hereof.

President, Board of Directors  
Brazoria County Municipal Utility District No. 29

ATTEST:

Secretary, Board of Directors  
Brazoria County Municipal Utility District No. 29

APPENDIX A  
LOCATION MAP





**APPENDIX B**

**BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 29**  
**BRAZORIA COUNTY, TEXAS**  
**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS**  
**JULY 31, 2025**





**Brazoria County Municipal  
Utility District No. 29  
Brazoria County, Texas**

**Independent Auditor's Report, Financial Statements,  
and Supplementary Information**

July 31, 2025





**Brazoria County Municipal Utility District No. 29**  
**Contents**  
**July 31, 2025**

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## Independent Auditor's Report

Board of Directors  
Brazoria County Municipal Utility District No. 29  
Brazoria County, Texas

### ***Opinions***

We have audited the financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 29 (District), as of and for the year ended July 31, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of July 31, 2025, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 these 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 12 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 GAAS 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 GAAS, 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 budgetary comparison schedule, as listed in the table of contents, 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 GAAS, 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 accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are 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. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Forvis Mazars, LLP**

Houston, Texas  
December 10, 2025

**Brazoria County Municipal Utility District No. 29  
Management's Discussion and Analysis  
Year Ended July 31, 2025**

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***Overview of the Financial Statements***

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

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities that engage in a single governmental program, such as the provision of water, sanitary sewer, and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

***Government-Wide Financial Statements***

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

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position, and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

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

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

***Fund Financial Statements***

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

**Brazoria County Municipal Utility District No. 29  
Management's Discussion and Analysis  
Year Ended July 31, 2025**

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***Governmental Funds***

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

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

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

***Notes to Financial Statements***

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

***Financial Analysis of the District as a Whole***

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements:

**Summary of Net Position**

	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 15,940,889	\$ 14,725,926
Capital assets	<u>40,831,797</u>	<u>31,508,861</u>
Total assets	<u>56,772,686</u>	<u>46,234,787</u>
Deferred outflows of resources	<u>403,341</u>	<u>439,842</u>
Total assets and deferred outflows of resources	<u>\$ 57,176,027</u>	<u>\$ 46,674,629</u>
Long-term liabilities	\$ 43,226,535	\$ 35,915,409
Other liabilities	<u>2,616,998</u>	<u>1,492,585</u>
Total liabilities	<u>45,843,533</u>	<u>37,407,994</u>

**Brazoria County Municipal Utility District No. 29  
Management's Discussion and Analysis  
Year Ended July 31, 2025**

**Summary of Net Position (Continued)**

	<u>2025</u>	<u>2024</u>
Net position		
Net investment in capital assets	\$ (1,482,287)	\$ (3,417,940)
Restricted	2,982,984	2,841,731
Unrestricted	9,831,797	9,842,844
Total net position	<u>\$ 11,332,494</u>	<u>\$ 9,266,635</u>

The total net position of the District increased by \$2,065,859, or about 22%. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements as well as charges for services and other revenues exceeding services operations expenses. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Changes in Net Position**

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes	\$ 4,240,251	\$ 4,302,821
Charges for services	1,201,797	1,235,161
Other revenues	802,233	791,861
Total revenues	<u>6,244,281</u>	<u>6,329,843</u>
Expenses		
Services	2,044,283	1,968,134
Depreciation	1,097,078	814,125
Debt service	1,037,061	1,271,649
Total expenses	<u>4,178,422</u>	<u>4,053,908</u>
Change in net position	2,065,859	2,275,935
Net position, beginning of year	<u>9,266,635</u>	<u>6,990,700</u>
Net position, end of year	<u>\$ 11,332,494</u>	<u>\$ 9,266,635</u>

***Financial Analysis of the District's Funds***

The District's combined fund balances as of the end of the fiscal year ended July 31, 2025 were \$13,647,656, an increase of \$166,019 from the prior year.

The general fund's fund balance increased by \$5,935 due to property taxes, services and penalty and interest revenues, and investment income exceeding service operations and capital outlay expenditures, as well as tap connection and inspection fees revenues exceeding related expenditures.

The debt service fund's fund balance increased by \$164,650 primarily due to property tax revenues and investment income being greater than bond principal and interest requirements.

**Brazoria County Municipal Utility District No. 29  
Management’s Discussion and Analysis  
Year Ended July 31, 2025**

The capital projects fund’s fund balance decreased by \$4,566 primarily due to capital outlay expenditures exceeding interest income.

**General Fund Budgetary Highlights**

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to water service revenues and capital outlay expenditures being lower than anticipated. The fund balance as of July 31, 2025 was expected to be \$8,804,346, and the actual end-of-year fund balance was \$9,780,916.

**Capital Assets and Related Debt**

**Capital Assets**

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

**Capital Assets (Net of Accumulated Depreciation)**

	<u>2025</u>	<u>2024</u>
Land and improvements	\$ 11,037,735	\$ 9,458,499
Construction in progress	61,192	522,869
Water facilities	7,590,684	6,685,805
Wastewater facilities	10,813,102	7,189,385
Drainage facilities	11,329,084	7,652,303
Total capital assets	<u>\$ 40,831,797</u>	<u>\$ 31,508,861</u>

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

Construction in progress related to water plant driveway extension, lift station No. 1 rehabilitation, and wastewater treatment plant expansion	\$ 61,192
Detention basin and storm sewer facilities to serve Foxtail Palms	2,276,946
Water, sewer, and drainage facilities to serve Foxtail Palms, Section 1	5,971,336
Palmero Way sanitary sewer rehabilitation	2,048,904
Water plant pump and wastewater treatment plant pump improvements	61,636
Total additions to capital assets	<u>\$ 10,420,014</u>

Developers of the District have constructed facilities on behalf of the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales. The District’s engineer estimates reimbursable costs for completed projects are \$11,364,265. These amounts have been recorded in the financial statements as long-term liabilities.

**Brazoria County Municipal Utility District No. 29  
Management’s Discussion and Analysis  
Year Ended July 31, 2025**

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***Debt***

The changes in the debt position of the District during the fiscal year ended July 31, 2025 are summarized as follows:

Long-term debt payable, beginning of year	\$ 35,915,409
Increases in long-term debt	8,248,304
Decreases in long-term debt	<u>(937,178)</u>
Long-term debt payable, end of year	<u><u>\$ 43,226,535</u></u>

As of July 31, 2025, the District had \$28,455,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems and \$6,000,000 in authorized and unissued bonds for the development and maintenance of recreational facilities within the District.

The District’s bonds carry an underlying rating of “A3” from Moody’s Investors Service (Moody’s). The District’s Refunding Series 2021 and Refunding Series 2022 bonds carry a “AA” rating from Standard & Poor’s (S&P) and an “A1” rating from Moody’s by virtue of bond insurance issued by Assured Guaranty Inc. The District’s Refunding Series 2016, Series 2017, Series 2021A, and Series 2024 bonds carry a “AA” rating from S&P by virtue of bond insurance issued by Build America Mutual Assurance Company.

***Other Relevant Factors***

***Relationship to the City of Manvel***

Under existing Texas law, since the District lies wholly within the City of Manvel (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be dissolved by the City without the District’s consent. If the District is dissolved, the City must assume the District’s assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

**Brazoria County Municipal Utility District No. 29**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**July 31, 2025**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>						
Cash	\$ 210,070	\$ 158,587	\$ 517	\$ 369,174	\$ -	\$ 369,174
Certificates of deposit	1,410,000	235,000	-	1,645,000	-	1,645,000
Short-term investments	9,421,594	2,831,230	1,378,681	13,631,505	-	13,631,505
Receivables						
Property taxes	41,508	41,581	-	83,089	-	83,089
Service accounts	175,161	-	-	175,161	-	175,161
Accrued interest	27,866	5,828	-	33,694	-	33,694
Interfund receivables	26,611	-	-	26,611	(26,611)	-
Due from others	3,266	-	-	3,266	-	3,266
Capital assets (net of accumulated depreciation)						
Land and improvements	-	-	-	-	11,037,735	11,037,735
Construction in progress	-	-	-	-	61,192	61,192
Infrastructure	-	-	-	-	29,732,870	29,732,870
<b>Total Assets</b>	<u>11,316,076</u>	<u>3,272,226</u>	<u>1,379,198</u>	<u>15,967,500</u>	<u>40,805,186</u>	<u>56,772,686</u>
<b>Deferred Outflows of Resources</b>						
Deferred amount on debt refundings	-	-	-	-	403,341	403,341
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 11,316,076</u>	<u>\$ 3,272,226</u>	<u>\$ 1,379,198</u>	<u>\$ 15,967,500</u>	<u>\$ 41,208,527</u>	<u>\$ 57,176,027</u>

**Brazoria County Municipal Utility District No. 29**  
**Statement of Net Position and Governmental Funds Balance Sheet**  
**July 31, 2025**

**(Continued)**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
<b>Liabilities</b>						
Accounts payable	\$ 204,545	\$ 126	\$ 28,011	\$ 232,682	\$ -	\$ 232,682
Accrued interest payable	-	-	-	-	406,854	406,854
Customer deposits	291,647	-	-	291,647	-	291,647
Due to others	955,460	-	688,355	1,643,815	-	1,643,815
Unearned tap connection fees	42,000	-	-	42,000	-	42,000
Interfund payables	-	26,611	-	26,611	(26,611)	-
Long-term liabilities						
Due within one year	-	-	-	-	1,150,000	1,150,000
Due after one year	-	-	-	-	42,076,535	42,076,535
<b>Total Liabilities</b>	<u>1,493,652</u>	<u>26,737</u>	<u>716,366</u>	<u>2,236,755</u>	<u>43,606,778</u>	<u>45,843,533</u>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenues	41,508	41,581	-	83,089	(83,089)	-
<b>Fund Balances/Net Position</b>						
Fund balances						
Restricted						
Unlimited tax bonds	-	3,203,908	-	3,203,908	(3,203,908)	-
Water, sewer, and drainage	-	-	662,832	662,832	(662,832)	-
Unassigned	9,780,916	-	-	9,780,916	(9,780,916)	-
Total fund balances	<u>9,780,916</u>	<u>3,203,908</u>	<u>662,832</u>	<u>13,647,656</u>	<u>(13,647,656)</u>	<u>-</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 11,316,076</u>	<u>\$ 3,272,226</u>	<u>\$ 1,379,198</u>	<u>\$ 15,967,500</u>		
Net position						
Net investment in capital assets					(1,482,287)	(1,482,287)
Restricted for debt service					2,838,635	2,838,635
Restricted for capital projects					144,349	144,349
Unrestricted					9,831,797	9,831,797
Total net position					<u>\$ 11,332,494</u>	<u>\$ 11,332,494</u>

**Brazoria County Municipal Utility District No. 29**  
**Statement of Activities and Governmental Funds Revenues,**  
**Expenditures, and Changes in Fund Balances**  
**Year Ended July 31, 2025**

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
<b>Revenues</b>						
Property taxes	\$ 2,342,163	\$ 1,890,797	\$ -	\$ 4,232,960	\$ 7,291	\$ 4,240,251
Water service	606,018	-	-	606,018	-	606,018
Sewer service	548,786	-	-	548,786	-	548,786
Drainage service	46,993	-	-	46,993	-	46,993
Penalty and interest	61,223	26,859	-	88,082	-	88,082
Tap connection and inspection fees	36,551	-	-	36,551	-	36,551
Investment income	470,854	137,639	31,954	640,447	-	640,447
Other income	170	36,983	-	37,153	-	37,153
<b>Total Revenues</b>	<b>4,112,758</b>	<b>2,092,278</b>	<b>31,954</b>	<b>6,236,990</b>	<b>7,291</b>	<b>6,244,281</b>
<b>Expenditures/Expenses</b>						
Service operations						
Professional fees	242,954	8,817	-	251,771	7,735	259,506
Contracted services	243,517	55,335	-	298,852	1,208	300,060
Utilities	84,116	-	-	84,116	-	84,116
Repairs and maintenance	1,103,951	-	-	1,103,951	123,345	1,227,296
Other expenditures	158,547	8,498	60	167,105	-	167,105
Tap connections	6,200	-	-	6,200	-	6,200
Capital outlay	2,267,538	-	36,460	2,303,998	(2,303,998)	-
Depreciation	-	-	-	-	1,097,078	1,097,078
Debt service						
Principal retirement	-	940,000	-	940,000	(940,000)	-
Interest and fees	-	914,978	-	914,978	122,083	1,037,061
<b>Total Expenditures/Expenses</b>	<b>4,106,823</b>	<b>1,927,628</b>	<b>36,520</b>	<b>6,070,971</b>	<b>(1,892,549)</b>	<b>4,178,422</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>5,935</b>	<b>164,650</b>	<b>(4,566)</b>	<b>166,019</b>	<b>(166,019)</b>	
<b>Change in Net Position</b>					<b>2,065,859</b>	<b>2,065,859</b>
<b>Fund Balances/Net Position</b>						
Beginning of year	9,774,981	3,039,258	667,398	13,481,637	-	9,266,635
End of year	<u>\$ 9,780,916</u>	<u>\$ 3,203,908</u>	<u>\$ 662,832</u>	<u>\$ 13,647,656</u>	<u>\$ -</u>	<u>\$ 11,332,494</u>

## **Note 1. Nature of Operations and Summary of Significant Accounting Policies**

Brazoria County Municipal Utility District No. 29 (District) was created by an order of the Texas Commission on Environmental Quality (Commission), effective May 28, 2004, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District.

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

### ***Reporting Entity***

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

### ***Government-Wide and Fund Financial Statements***

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities that engage in a single governmental program, such as the provision of water, wastewater, drainage, and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

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

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

The District presents the following major governmental funds:

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

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

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*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed, or assigned to expenditures for capital outlays.

***Fund Balances – Governmental Funds***

The fund balances for the District’s governmental funds can be displayed in up to five components:

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

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

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

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

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

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

***Measurement Focus and Basis of Accounting***

***Government-Wide Financial Statements***

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

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

***Fund Financial Statements***

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures, and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

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reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services, and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

***Deferred Outflows and Inflows of Resources***

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

***Interfund Transactions***

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

***Pension Costs***

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

***Use of Estimates***

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

***Investments and Investment Income***

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

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

***Property Taxes***

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended July 31, 2025 include collections during the current period or within 60 days of year-end related to the 2024 and prior years' tax levies.

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

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In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended July 31, 2025, the 2024 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

***Capital Assets***

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

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

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years
Drainage facilities	10–45 years

***Deferred Amount on Debt Refundings***

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

***Debt Issuance Costs***

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

***Long-Term Obligations***

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

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

***Net Position/Fund Balances***

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

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

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

***Reconciliation of Government-Wide and Fund Financial Statements***

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	\$ 40,831,797
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	83,089
Deferred amount on debt refundings for governmental activities is not considered financial resources and is not reported in the funds.	403,341
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(406,854)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	<u>(43,226,535)</u>
Adjustment to fund balances to arrive at net position.	<u><u>\$ (2,315,162)</u></u>

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

Change in fund balances.	\$ 166,019
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current period.	1,074,632
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.	940,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.	7,291
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(122,083)</u>
Change in net position of governmental activities.	<u><u>\$ 2,065,859</u></u>

**Note 2. Deposits, Investments, and Investment Income**

***Deposits***

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

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

At July 31, 2025, none of the District’s bank balances were exposed to custodial credit risk.

***Investments***

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

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

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District’s investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The District’s investments in Texas CLASS are reported at net asset value.

At July 31, 2025, the District had the following investments and maturities:

<u>Type</u>	<u>Fair Value</u>	<u>Maturities in Years</u>			<u>More Than 1</u>
		<u>Less Than 1</u>	<u>1–5</u>	<u>6–10</u>	
Texas CLASS	\$ 13,631,505	\$ 13,631,505	\$ -	\$ -	\$ -

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years, and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2025, the District’s investments in Texas CLASS were rated “AAAm” by Standard & Poor’s.

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

**Summary of Carrying Values**

The carrying values of deposits and investments shown previously are included in the balance sheet at July 31, 2025 as follows:

Carrying value	
Deposits	\$ 2,014,174
Investments	13,631,505
	<hr/>
Total	<u>\$ 15,645,679</u>

Included in the following statement of net position captions:

Cash	\$ 369,174
Certificates of deposit	1,645,000
Short-term investments	13,631,505
	<hr/>
Total	<u>\$ 15,645,679</u>

**Investment Income**

Investment income of \$640,447 for the year ended July 31, 2025 consisted of interest income.

**Fair Value Measurements**

The District has the following recurring fair value measurements as of July 31, 2025:

- Pooled investments of \$13,631,505 are valued at fair value per share of the pool's underlying portfolio.

**Note 3. Capital Assets**

A summary of changes in capital assets for the year ended July 31, 2025 is presented below:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Reclassifi- cations</u>	<u>Balances, End of Year</u>
Capital assets, non-depreciable				
Land and improvements	\$ 9,458,499	\$ 1,579,236	\$ -	\$ 11,037,735
Construction in progress	522,869	61,192	(522,869)	61,192
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, non-depreciable	9,981,368	1,640,428	(522,869)	11,098,927
Capital assets, depreciable				
Water production and distribution facilities	9,371,370	1,217,302	-	10,588,672
Wastewater collection and treatment facilities	10,534,838	3,572,632	522,869	14,630,339
Drainage facilities	9,835,270	3,989,652	-	13,824,922
	<hr/>	<hr/>	<hr/>	<hr/>
Total capital assets, depreciable	29,741,478	8,779,586	522,869	39,043,933

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

<u>Governmental Activities (Continued)</u>	<u>Balances, Beginning of Year</u>	<u>Additions</u>	<u>Reclassifi- cations</u>	<u>Balances, End of Year</u>
Less accumulated depreciation				
Water production and distribution facilities	\$ (2,685,565)	\$ (312,423)	\$ -	\$ (2,997,988)
Wastewater collection and treatment facilities	(3,345,453)	(471,784)	-	(3,817,237)
Drainage facilities	<u>(2,182,967)</u>	<u>(312,871)</u>	<u>-</u>	<u>(2,495,838)</u>
Total accumulated depreciation	<u>(8,213,985)</u>	<u>(1,097,078)</u>	<u>-</u>	<u>(9,311,063)</u>
Total governmental activities, net	<u>\$ 31,508,861</u>	<u>\$ 9,322,936</u>	<u>\$ -</u>	<u>\$ 40,831,797</u>

**Note 4. Long-Term Liabilities**

Changes in long-term liabilities for the year ended July 31, 2025 were as follows:

<u>Governmental Activities</u>	<u>Balances, Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balances, End of Year</u>	<u>Amounts Due in One Year</u>
Bonds payable					
General obligation bonds	\$ 33,000,000	\$ -	\$ 940,000	\$ 32,060,000	\$ 1,150,000
Less discounts on bonds	617,184	-	24,057	593,127	-
Add premiums on bonds	<u>259,447</u>	<u>-</u>	<u>21,235</u>	<u>238,212</u>	<u>-</u>
	32,642,263	-	937,178	31,705,085	1,150,000
Due to developers, construction	3,115,961	8,248,304	-	11,364,265	-
Due to developers, advances	<u>157,185</u>	<u>-</u>	<u>-</u>	<u>157,185</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 35,915,409</u>	<u>\$ 8,248,304</u>	<u>\$ 937,178</u>	<u>\$ 43,226,535</u>	<u>\$ 1,150,000</u>

**General Obligation Bonds**

	<u>Refunding Series 2016</u>	<u>Series 2017</u>
Amounts outstanding, July 31, 2025	\$2,035,000	\$10,075,000
Interest rates	2.00% to 4.00%	2.00% to 3.50%
Maturity dates, serially beginning/ending	March 1, 2026/2035	March 1, 2026/2042
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	March 1, 2023	March 1, 2024

\*Or any date thereafter; callable at par plus accrued interest to the date of the redemption.

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

	<b>Refunding Series 2021</b>	<b>Series 2021A</b>
Amounts outstanding, July 31, 2025	\$2,355,000	\$6,140,000
Interest rates	1.25% to 2.00%	1.00% to 2.25%
Maturity dates, serially beginning/ending	March 1, 2026/2037	March 1, 2026/2045
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	March 1, 2026	March 1, 2026
	<b>Refunding Series 2022</b>	<b>Series 2024</b>
Amounts outstanding, July 31, 2025	\$3,595,000	\$7,860,000
Interest rates	2.00% to 4.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	March 1, 2026/2034	March 1, 2026/2048
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	March 1, 2027	March 1, 2029

\*Or any date thereafter; callable at par plus accrued interest to the date of the redemption.

**Annual Debt Service Requirements**

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at July 31, 2025:

<b>Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 1,150,000	\$ 976,450	\$ 2,126,450
2027	1,200,000	941,837	2,141,837
2028	1,245,000	905,138	2,150,138
2029	1,290,000	869,837	2,159,837
2030	1,340,000	836,438	2,176,438
2031–2035	7,575,000	3,607,628	11,182,628
2036–2040	9,455,000	2,406,837	11,861,837
2041–2045	7,140,000	874,624	8,014,624
2046–2048	1,665,000	118,050	1,783,050
Total	<u>\$ 32,060,000</u>	<u>\$ 11,536,839</u>	<u>\$ 43,596,839</u>

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

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

Bonds voted	\$ 67,000,000
Bonds sold	38,545,000
Refunding bonds voted	43,500,000
Refunding bonds authorization used	775,000
Recreational facilities bonds voted	6,000,000

***Due to Developers***

Developers of the District have constructed facilities on behalf of the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are \$11,364,265. These amounts have been recorded in the financial statements as long-term liabilities.

Developers of the District have advanced \$157,185 to the District for operating expenses net of repayments. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

**Note 5. Significant Bond Resolution and Commission Requirements**

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended July 31, 2025, the District levied an ad valorem debt service tax at the rate of \$0.310 per \$100 of assessed valuation, which resulted in a tax levy of \$1,895,638 on the taxable valuation of \$611,496,148 for the 2024 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are \$1,930,400, of which \$1,442,175 has been paid and \$488,225 is due on September 1, 2025.

**Note 6. Maintenance Taxes**

At an election held September 11, 2004, voters authorized a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation on all property within the District subject to taxation. During the year ended July 31, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.385 per \$100 of assessed valuation, which resulted in a tax levy of \$2,354,260 on the taxable valuation of \$611,496,148 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

**Note 7. Joint Wastewater Facilities Agreement**

The District and Brazoria County Municipal Utility District No. 47 (District No. 47) entered into a Joint Wastewater Facilities Agreement (Joint Agreement) on December 20, 2023 for a term of 40 years for the financing and operation of regional wastewater treatment plant expansion projects to serve areas within both districts. The District will hold legal title to any sites for the regional facilities as well as the regional facilities and be responsible for the operation and repairs and maintenance of the regional facilities. Operation and maintenance costs will be allocated to each district on a monthly basis based on the actual costs of operating and maintaining the regional facilities. Fixed expenditures will be billed based on each district's pro rata share of the capacity in the regional facilities and variable expenditures will be billed based on the total number of active equivalent single-family connections (ESFC) of each district as a percentage of the total ESFCs of both districts served by the regional

**Brazoria County Municipal Utility District No. 29**  
**Notes to Financial Statements**  
**July 31, 2025**

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facilities. As of July 31, 2025, District No. 47 has not connected to the regional facilities and operations of the regional facilities has not been initiated.

**Note 8. Risk Management**

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

***Required Supplementary Information***

**Brazoria County Municipal Utility District No. 29  
 Budgetary Comparison Schedule – General Fund  
 Year Ended July 31, 2025**

	<u>Original Budget</u>	<u>Final Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>				
Property taxes	\$ 2,068,500	\$ 2,320,100	\$ 2,342,163	\$ 22,063
Water service	647,600	647,600	606,018	(41,582)
Sewer service	577,600	577,600	548,786	(28,814)
Drainage service	48,500	48,500	46,993	(1,507)
Penalty and interest	65,300	65,300	61,223	(4,077)
Tap connection and inspection fees	60,100	60,100	36,551	(23,549)
Investment income	495,850	495,850	470,854	(24,996)
Other income	-	-	170	170
<b>Total Revenues</b>	<u>3,963,450</u>	<u>4,215,050</u>	<u>4,112,758</u>	<u>(102,292)</u>
<b>Expenditures</b>				
Service operations				
Professional fees	208,000	208,000	242,954	(34,954)
Contracted services	265,300	265,300	243,517	21,783
Utilities	92,000	92,000	84,116	7,884
Repairs and maintenance	1,119,850	1,143,045	1,103,951	39,094
Other expenditures	190,050	190,050	158,547	31,503
Tap connections	20,290	20,290	6,200	14,090
Capital outlay	2,006,000	3,267,000	2,267,538	999,462
<b>Total Expenditures</b>	<u>3,901,490</u>	<u>5,185,685</u>	<u>4,106,823</u>	<u>1,078,862</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	61,960	(970,635)	5,935	976,570
<b>Fund Balance, Beginning of Year</b>	<u>9,774,981</u>	<u>9,774,981</u>	<u>9,774,981</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 9,836,941</u>	<u>\$ 8,804,346</u>	<u>\$ 9,780,916</u>	<u>\$ 976,570</u>

***Budgets and Budgetary Accounting***

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2025.

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

***Supplementary Information***

**Brazoria County Municipal Utility District No. 29**  
**Other Schedules Included Within This Report**  
**July 31, 2025**

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

- [X] Notes Required by the Water District Accounting Manual  
See "Notes to Financial Statements," Pages 11–21
- [X] Schedule of Services and Rates
- [X] Schedule of General Fund Expenditures
- [X] Schedule of Temporary Investments
- [X] Analysis of Taxes Levied and Receivable
- [X] Schedules of Long-Term Debt Service Requirements by Years
- [X] Changes in Long-Term Bonded Debt
- [X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund –  
Five Years
- [X] Board Members, Key Personnel, and Consultants

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Services and Rates**  
**Year Ended July 31, 2025**

1. Services provided by the District

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

2. Retail service providers

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

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate Per 1,000 Gallons Over Minimum</u>	<u>Usage Levels</u>
Water:	\$ 17.25 *	5,000	N	\$ 2.70 \$ 3.00 \$ 3.15 \$ 3.30 \$ 3.60	5,001 to 10,000 10,001 to 20,000 20,001 to 50,000 50,001 to 75,000 75,001 to No Limit
Wastewater:	\$ 17.25 *	5,000	N	\$ 2.25	5,001 to No Limit
Groundwater conversation district fee:	\$ 0.03	-	N	\$ 0.03	1 to No Limit

Does the District employ winter averaging for wastewater usage?

Yes  No

Total charges per 10,000 gallons usage (including fees): Water \$ 31.05 Wastewater \$ 28.50

b. Water and wastewater retail connections:

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFC*</u>
Unmetered	-	-	x1.0	-
≤ 3/4"	1,879	1,871	x1.0	1,871
1"	149	148	x2.5	370
1 1/2"	1	1	x5.0	5
2"	13	13	x8.0	104
3"	1	1	x15.0	15
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	2,043	2,034		2,365
Total wastewater	2,023	2,023	x1.0	2,023

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

Gallons pumped into the system:	173,754
Gallons billed to customers:	165,324
Water accountability ratio (gallons billed/gallons pumped):	95.15%

\*Total minimum water and wastewater rate is \$34.50.

\*\*\*"ESFC" means equivalent single-family connections

**Brazoria County Municipal Utility District No. 29**  
**Schedule of General Fund Expenditures**  
**Year Ended July 31, 2025**

<b>Personnel (including benefits)</b>		\$	-
<b>Professional Fees</b>			
Auditing	\$	22,700	
Legal		98,242	
Engineering		122,012	
Financial advisor		-	242,954
		<u>                    </u>	
<b>Purchased Services for Resale</b>			
Bulk water and wastewater service purchases			-
<b>Regional Water Fee</b>			-
<b>Contracted Services</b>			
Bookkeeping		75,668	
General manager		-	
Appraisal district		-	
Tax collector		-	
Security		-	
Other contracted services		167,849	243,517
		<u>                    </u>	
<b>Utilities</b>			84,116
<b>Repairs and Maintenance</b>			1,103,951
<b>Administrative Expenditures</b>			
Directors' fees		34,069	
Office supplies		24,728	
Insurance		26,446	
Other administrative expenditures		73,304	158,547
		<u>                    </u>	
<b>Capital Outlay</b>			
Capitalized assets		2,144,214	
Expenditures not capitalized		123,324	2,267,538
		<u>                    </u>	
<b>Tap Connection Expenditures</b>			6,200
<b>Solid Waste Disposal</b>			-
<b>Fire Fighting</b>			-
<b>Parks and Recreation</b>			-
<b>Lease Payments</b>			-
<b>Other Expenditures</b>			-
			<u>                    </u>
<b>Total Expenditures</b>			<u><u>\$ 4,106,823</u></u>

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Temporary Investments**  
**July 31, 2025**

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Face Amount</u>	<u>Accrued Interest Receivable</u>
<b>General Fund</b>				
Certificates of Deposit				
No. 4207593	4.15%	10/03/25	\$ 235,000	\$ 4,008
No. 2000000517	4.14%	10/24/25	235,000	4,931
No. 440070333	4.00%	10/30/25	235,000	2,292
No. 6000067014	4.75%	08/29/25	235,000	9,175
No. 9009005680	4.20%	03/01/26	235,000	4,083
No. 6550141958	4.30%	12/31/25	235,000	3,377
Texas CLASS	4.40%	Demand	973,796	-
Texas CLASS	4.40%	Demand	8,447,798	-
			<u>10,831,594</u>	<u>27,866</u>
<b>Debt Service Fund</b>				
Certificate of Deposit				
No. 6000068616	4.25%	12/30/25	235,000	5,828
Texas CLASS	4.40%	Demand	2,831,230	-
			<u>3,066,230</u>	<u>5,828</u>
<b>Capital Projects Fund</b>				
Texas CLASS	4.40%	Demand	28,439	-
Texas CLASS	4.40%	Demand	688,355	-
Texas CLASS	4.40%	Demand	661,887	-
			<u>1,378,681</u>	<u>-</u>
<b>Totals</b>			<u><u>\$ 15,276,505</u></u>	<u><u>\$ 33,694</u></u>

**Brazoria County Municipal Utility District No. 29**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended July 31, 2025**

	<b>Maintenance Taxes</b>	<b>Debt Service Taxes</b>
<b>Receivable, Beginning of Year</b>	\$ 34,169	\$ 41,629
Additions and corrections to prior years' taxes	<u>(4,758)</u>	<u>(4,889)</u>
<b>Adjusted Receivable, Beginning of Year</b>	<u>29,411</u>	<u>36,740</u>
<b>2024 Original Tax Levy</b>	2,257,987	1,818,119
Additions and corrections	<u>96,273</u>	<u>77,519</u>
Adjusted tax levy	<u>2,354,260</u>	<u>1,895,638</u>
<b>Total to Be Accounted For</b>	2,383,671	1,932,378
Tax collections: Current year	(2,327,445)	(1,874,047)
Prior years	<u>(14,718)</u>	<u>(16,750)</u>
<b>Receivable, End of Year</b>	<u>\$ 41,508</u>	<u>\$ 41,581</u>
<b>Receivable, by Years</b>		
2024	\$ 26,815	\$ 21,591
2023	2,823	3,137
2022	2,758	1,676
2021	2,334	1,945
2020	1,160	1,294
2019	1,051	1,359
2018	986	1,275
2017	760	1,473
2016	704	1,364
2015	577	1,293
2014	447	1,304
2013	331	1,397
2012	368	1,287
2011	<u>394</u>	<u>1,186</u>
<b>Receivable, End of Year</b>	<u>\$ 41,508</u>	<u>\$ 41,581</u>

**Brazoria County Municipal Utility District No. 29**  
**Analysis of Taxes Levied and Receivable**  
**Year Ended July 31, 2025**

**(Continued)**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Property Valuations</b>				
Land	\$ 148,073,350	\$ 147,303,676	\$ 91,000,320	\$ 69,916,270
Improvements	516,681,711	487,316,004	400,164,245	317,296,862
Personal property	7,933,030	7,368,720	7,070,340	5,936,420
Exemptions	<u>(61,191,943)</u>	<u>(75,710,107)</u>	<u>(42,486,488)</u>	<u>(18,084,666)</u>
<b>Total Property Valuations</b>	<u>\$ 611,496,148</u>	<u>\$ 566,278,293</u>	<u>\$ 455,748,417</u>	<u>\$ 375,064,886</u>
<b>Tax Rates per \$100 Valuation</b>				
Debt service tax rates	\$ 0.310	\$ 0.400	\$ 0.310	\$ 0.400
Maintenance tax rates*	<u>0.385</u>	<u>0.360</u>	<u>0.510</u>	<u>0.480</u>
<b>Total Tax Rates per \$100 Valuation</b>	<u>\$ 0.695</u>	<u>\$ 0.760</u>	<u>\$ 0.820</u>	<u>\$ 0.880</u>
<b>Tax Levy</b>	<u>\$ 4,249,898</u>	<u>\$ 4,303,715</u>	<u>\$ 3,737,137</u>	<u>\$ 3,300,572</u>
<b>Percent of Taxes Collected to Taxes Levied**</b>	<u>99%</u>	<u>99%</u>	<u>99%</u>	<u>99%</u>

\*Maximum tax rate approved by voters: \$1.50 on September 11, 2004

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

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**July 31, 2025**

<u>Due During Fiscal Years Ending July 31</u>	<u>Refunding Series 2016</u>		
	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 130,000	\$ 81,400	\$ 211,400
2027	130,000	76,200	206,200
2028	135,000	71,000	206,000
2029	140,000	65,600	205,600
2030	145,000	60,000	205,000
2031	150,000	54,200	204,200
2032	155,000	48,200	203,200
2033	150,000	42,000	192,000
2034	160,000	36,000	196,000
2035	740,000	29,600	769,600
Totals	<u>\$ 2,035,000</u>	<u>\$ 564,200</u>	<u>\$ 2,599,200</u>

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**July 31, 2025**

**(Continued)**

<u>Due During Fiscal Years Ending July 31</u>	<u>Series 2017</u>		<u>Total</u>
	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	
2026	\$ 245,000	\$ 332,256	\$ 577,256
2027	260,000	326,744	586,744
2028	260,000	320,244	580,244
2029	280,000	312,444	592,444
2030	285,000	304,044	589,044
2031	300,000	295,494	595,494
2032	315,000	286,494	601,494
2033	330,000	277,044	607,044
2034	345,000	266,732	611,732
2035	280,000	255,950	535,950
2036	250,000	246,850	496,850
2037	250,000	238,724	488,724
2038	1,210,000	230,600	1,440,600
2039	1,275,000	191,275	1,466,275
2040	1,335,000	146,650	1,481,650
2041	1,395,000	99,925	1,494,925
2042	1,460,000	51,100	1,511,100
Totals	<u>\$ 10,075,000</u>	<u>\$ 4,182,570</u>	<u>\$ 14,257,570</u>

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**July 31, 2025**

**(Continued)**

<u>Due During Fiscal Years Ending July 31</u>	<u>Refunding Series 2021</u>		
	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 55,000	\$ 46,238	\$ 101,238
2027	55,000	45,137	100,137
2028	60,000	44,038	104,038
2029	55,000	43,287	98,287
2030	55,000	42,600	97,600
2031	55,000	41,500	96,500
2032	55,000	40,400	95,400
2033	60,000	39,300	99,300
2034	65,000	38,100	103,100
2035	65,000	36,800	101,800
2036	870,000	35,500	905,500
2037	905,000	18,100	923,100
Totals	<u>\$ 2,355,000</u>	<u>\$ 471,000</u>	<u>\$ 2,826,000</u>

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**July 31, 2025**

**(Continued)**

<u>Due During Fiscal Years Ending July 31</u>	<u>Series 2021A</u>		<u>Total</u>
	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	
2026	\$ 200,000	\$ 118,206	\$ 318,206
2027	210,000	116,206	326,206
2028	215,000	114,106	329,106
2029	225,000	111,956	336,956
2030	235,000	109,144	344,144
2031	245,000	105,913	350,913
2032	255,000	102,238	357,238
2033	270,000	97,138	367,138
2034	280,000	91,738	371,738
2035	290,000	86,137	376,137
2036	305,000	80,338	385,338
2037	320,000	74,237	394,237
2038	330,000	67,838	397,838
2039	345,000	61,237	406,237
2040	360,000	54,338	414,338
2041	375,000	46,237	421,237
2042	395,000	37,800	432,800
2043	410,000	28,912	438,912
2044	430,000	19,688	449,688
2045	445,000	10,012	455,012
Totals	<u>\$ 6,140,000</u>	<u>\$ 1,533,419</u>	<u>\$ 7,673,419</u>

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**July 31, 2025**

**(Continued)**

<u>Due During Fiscal Years Ending July 31</u>	<u>Refunding Series 2022</u>		
	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 345,000	\$ 89,800	\$ 434,800
2027	360,000	76,000	436,000
2028	380,000	61,600	441,600
2029	385,000	50,200	435,200
2030	400,000	42,500	442,500
2031	415,000	34,500	449,500
2032	425,000	26,200	451,200
2033	440,000	17,700	457,700
2034	445,000	8,900	453,900
Totals	<u>\$ 3,595,000</u>	<u>\$ 407,400</u>	<u>\$ 4,002,400</u>

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**July 31, 2025**

**(Continued)**

<u>Due During Fiscal Years Ending July 31</u>	<u>Series 2024</u>		<u>Total</u>
	<u>Principal Due March 1</u>	<u>Interest Due September 1, March 1</u>	
2026	\$ 175,000	\$ 308,550	\$ 483,550
2027	185,000	301,550	486,550
2028	195,000	294,150	489,150
2029	205,000	286,350	491,350
2030	220,000	278,150	498,150
2031	230,000	269,350	499,350
2032	245,000	260,150	505,150
2033	255,000	250,350	505,350
2034	270,000	240,150	510,150
2035	285,000	229,350	514,350
2036	305,000	217,950	522,950
2037	320,000	205,750	525,750
2038	340,000	192,950	532,950
2039	355,000	179,350	534,350
2040	380,000	165,150	545,150
2041	400,000	149,950	549,950
2042	420,000	133,950	553,950
2043	445,000	117,150	562,150
2044	470,000	99,350	569,350
2045	495,000	80,550	575,550
2046	525,000	60,750	585,750
2047	555,000	39,750	594,750
2048	585,000	17,550	602,550
Totals	<u>\$ 7,860,000</u>	<u>\$ 4,378,250</u>	<u>\$ 12,238,250</u>

**Brazoria County Municipal Utility District No. 29**  
**Schedule of Long-Term Debt Service Requirements by Years**  
**July 31, 2025**

**(Continued)**

<u>Due During Fiscal Years Ending July 31</u>	<u>Annual Requirements For All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total Principal and Interest Due</u>
2026	\$ 1,150,000	\$ 976,450	\$ 2,126,450
2027	1,200,000	941,837	2,141,837
2028	1,245,000	905,138	2,150,138
2029	1,290,000	869,837	2,159,837
2030	1,340,000	836,438	2,176,438
2031	1,395,000	800,957	2,195,957
2032	1,450,000	763,682	2,213,682
2033	1,505,000	723,532	2,228,532
2034	1,565,000	681,620	2,246,620
2035	1,660,000	637,837	2,297,837
2036	1,730,000	580,638	2,310,638
2037	1,795,000	536,811	2,331,811
2038	1,880,000	491,388	2,371,388
2039	1,975,000	431,862	2,406,862
2040	2,075,000	366,138	2,441,138
2041	2,170,000	296,112	2,466,112
2042	2,275,000	222,850	2,497,850
2043	855,000	146,062	1,001,062
2044	900,000	119,038	1,019,038
2045	940,000	90,562	1,030,562
2046	525,000	60,750	585,750
2047	555,000	39,750	594,750
2048	585,000	17,550	602,550
Totals	<u>\$ 32,060,000</u>	<u>\$ 11,536,839</u>	<u>\$ 43,596,839</u>

**Brazoria County Municipal Utility District No. 29**  
**Changes in Long-Term Bonded Debt**  
**Year Ended July 31, 2025**

	<b>Bond</b>		
	<b>Refunding Series 2016</b>	<b>Series 2017</b>	<b>Refunding Series 2021</b>
Interest rates	2.00% to 4.00%	2.00% to 3.50%	1.25% to 2.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	March 1, 2026/2035	March 1, 2026/2042	March 1, 2026/2037
Bonds outstanding, beginning of current year	\$ 2,160,000	\$ 10,315,000	\$ 2,410,000
Retirements, principal	<u>125,000</u>	<u>240,000</u>	<u>55,000</u>
Bonds outstanding, end of current year	<u>\$ 2,035,000</u>	<u>\$ 10,075,000</u>	<u>\$ 2,355,000</u>
Interest paid during current year	<u>\$ 86,400</u>	<u>\$ 337,056</u>	<u>\$ 47,337</u>
Paying agent's name and address			
<b>Series 2016</b>	– The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
<b>Series 2017</b>	– The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
<b>Series 2021</b>	– The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
<b>Series 2021A</b>	– The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
<b>Series 2022</b>	– The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
<b>Series 2024</b>	– The Bank of New York Mellon Trust Company, N.A., Houston, Texas		
Bond authority			
	<b>Tax Bonds</b>	<b>Other Bonds</b>	<b>Refunding Bonds</b>
Amount authorized by voters	\$ 67,000,000	\$ 6,000,000	\$ 43,500,000
Amount authorization used	<u>\$ 38,545,000</u>	<u>\$ -</u>	<u>\$ 775,000</u>
Remaining to be issued	<u>\$ 28,455,000</u>	<u>\$ 6,000,000</u>	<u>\$ 42,725,000</u>
Debt service fund cash and temporary investment balances as of July 31, 2025:			<u>\$ 3,224,817</u>
Average annual debt service payment (principal and interest) for remaining term of all debt:			<u>\$ 1,895,515</u>

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**Issues**

<u>Series 2021A</u>	<u>Refunding Series 2022</u>	<u>Series 2024</u>	<u>Totals</u>
1.00% to 2.25%	2.00% to 4.00%	3.00% to 4.00%	
September 1/ March 1	September 1/ March 1	September 1/ March 1	
March 1, 2026/2045	March 1, 2026/2034	March 1, 2026/2048	
\$ 6,330,000	\$ 3,925,000	\$ 7,860,000	\$ 33,000,000
<u>190,000</u>	<u>330,000</u>	<u>-</u>	<u>940,000</u>
<u>\$ 6,140,000</u>	<u>\$ 3,595,000</u>	<u>\$ 7,860,000</u>	<u>\$ 32,060,000</u>
<u>\$ 122,006</u>	<u>\$ 103,000</u>	<u>\$ 215,128</u>	<u>\$ 910,927</u>

**Brazoria County Municipal Utility District No. 29**  
**Comparative Schedule of Revenues and Expenditures – General Fund**  
**Five Years Ended July 31,**

	Amounts				
	2025	2024	2023	2022	2021
<b>General Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 2,342,163	\$ 2,040,477	\$ 2,313,523	\$ 1,794,722	\$ 1,443,491
Water service	606,018	626,258	557,993	510,939	458,550
Sewer service	548,786	561,819	508,054	465,418	415,962
Drainage service	46,993	47,084	45,996	44,180	39,726
Penalty and interest	61,223	63,089	61,671	57,276	49,948
Tap connection and inspection fees	36,551	58,162	120,900	385,040	277,800
Investment income	470,854	494,406	298,156	21,583	19,561
Other income	170	-	15,417	129	203
<b>Total Revenues</b>	<b>4,112,758</b>	<b>3,891,295</b>	<b>3,921,710</b>	<b>3,279,287</b>	<b>2,705,241</b>
<b>Expenditures</b>					
Service operations					
Professional fees	242,954	183,372	190,709	177,000	198,724
Contracted services	243,517	256,695	241,208	224,260	173,933
Utilities	84,116	88,416	85,939	82,625	74,922
Repairs and maintenance	1,103,951	981,056	809,026	729,995	674,204
Other expenditures	158,547	174,568	151,952	160,868	135,083
Tap connections	6,200	18,600	34,487	147,420	85,125
Capital outlay	2,267,538	354,901	114,500	124,024	90,310
<b>Total Expenditures</b>	<b>4,106,823</b>	<b>2,057,608</b>	<b>1,627,821</b>	<b>1,646,192</b>	<b>1,432,301</b>
<b>Excess of Revenues Over Expenditures</b>	<b>5,935</b>	<b>1,833,687</b>	<b>2,293,889</b>	<b>1,633,095</b>	<b>1,272,940</b>
<b>Other Financing Sources</b>					
Interfund transfers in	-	-	-	-	389,472
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<b>5,935</b>	<b>1,833,687</b>	<b>2,293,889</b>	<b>1,633,095</b>	<b>1,662,412</b>
<b>Fund Balance, Beginning of Year</b>	<b>9,774,981</b>	<b>7,941,294</b>	<b>5,647,405</b>	<b>4,014,310</b>	<b>2,351,898</b>
<b>Fund Balance, End of Year</b>	<b>\$ 9,780,916</b>	<b>\$ 9,774,981</b>	<b>\$ 7,941,294</b>	<b>\$ 5,647,405</b>	<b>\$ 4,014,310</b>
<b>Total Active Retail Water Connections</b>	<b>2,034</b>	<b>1,993</b>	<b>1,992</b>	<b>1,936</b>	<b>1,769</b>
<b>Total Active Retail Wastewater Connections</b>	<b>2,023</b>	<b>1,974</b>	<b>1,974</b>	<b>1,917</b>	<b>1,751</b>

**Percent of Fund Total Revenues**

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
57.0 %	52.5 %	59.0 %	54.7 %	53.4 %
14.7	16.1	14.2	16.1	17.4
13.3	14.4	12.9	14.2	15.4
1.1	1.2	1.2	1.3	1.5
1.5	1.6	1.6	1.8	1.8
0.9	1.5	3.1	11.2	9.8
11.5	12.7	7.6	0.7	0.7
0.0	-	0.4	0.0	0.0
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
5.9	4.7	4.9	5.4	7.4
5.9	6.6	6.2	6.8	6.4
2.1	2.3	2.2	2.5	2.8
26.8	25.2	20.6	22.3	24.9
3.9	4.5	3.8	4.9	5.0
0.2	0.5	0.9	4.5	3.2
55.1	9.1	2.9	3.8	3.3
<u>99.9</u>	<u>52.9</u>	<u>41.5</u>	<u>50.2</u>	<u>53.0</u>
<u><u>0.1 %</u></u>	<u><u>47.1 %</u></u>	<u><u>58.5 %</u></u>	<u><u>49.8 %</u></u>	<u><u>47.0 %</u></u>

**Brazoria County Municipal Utility District No. 29**  
**Comparative Schedule of Revenues and Expenditures – Debt Service Fund**  
**Five Years Ended July 31,**

	Amounts				
	2025	2024	2023	2022	2021
<b>Debt Service Fund</b>					
<b>Revenues</b>					
Property taxes	\$ 1,890,797	\$ 2,256,488	\$ 1,409,613	\$ 1,498,786	\$ 1,614,654
Penalty and interest	26,859	8,889	16,584	14,500	19,908
Investment income	137,639	138,869	98,283	11,974	13,812
Other income	36,983	24,235	22,932	18,560	15,829
<b>Total Revenues</b>	<u>2,092,278</u>	<u>2,428,481</u>	<u>1,547,412</u>	<u>1,543,820</u>	<u>1,664,203</u>
<b>Expenditures</b>					
Current					
Professional fees	8,817	12,209	6,984	6,609	9,547
Contracted services	55,335	51,732	46,899	42,930	40,175
Other expenditures	8,498	13,596	23,587	20,907	8,342
Debt service					
Principal retirement	940,000	905,000	870,000	665,000	625,000
Interest and fees	914,978	722,275	749,235	672,690	724,387
Debt issuance costs	-	202	-	195,155	140,981
Debt defeasance	-	-	-	65,000	-
<b>Total Expenditures</b>	<u>1,927,628</u>	<u>1,705,014</u>	<u>1,696,705</u>	<u>1,668,291</u>	<u>1,548,432</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>164,650</u>	<u>723,467</u>	<u>(149,293)</u>	<u>(124,471)</u>	<u>115,771</u>
<b>Other Financing Sources (Uses)</b>					
General obligation bonds issued	-	-	-	4,550,000	2,530,000
Discount on debt issued	-	-	-	-	(4,542)
Premium on debt issued	-	-	-	147,433	-
Deposit with escrow agent	-	-	-	(4,498,738)	(2,377,530)
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,695</u>	<u>147,928</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>	<u>164,650</u>	<u>723,467</u>	<u>(149,293)</u>	<u>74,224</u>	<u>263,699</u>
<b>Fund Balance, Beginning of Year</b>	<u>3,039,258</u>	<u>2,315,791</u>	<u>2,465,084</u>	<u>2,390,860</u>	<u>2,127,161</u>
<b>Fund Balance, End of Year</b>	<u>\$ 3,203,908</u>	<u>\$ 3,039,258</u>	<u>\$ 2,315,791</u>	<u>\$ 2,465,084</u>	<u>\$ 2,390,860</u>

**Percent of Fund Total Revenues**

<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
90.4 %	92.9 %	91.1 %	97.1 %	97.0 %
1.3	0.4	1.1	0.9	1.2
6.6	5.7	6.3	0.8	0.8
1.7	1.0	1.5	1.2	1.0
<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
0.4	0.5	0.5	0.4	0.6
2.7	2.1	3.0	2.8	2.4
0.4	0.6	1.5	1.4	0.5
44.9	37.3	56.2	43.1	37.5
43.7	29.7	48.4	43.6	43.5
-	0.0	-	12.6	8.5
-	-	-	4.2	-
<u>92.1</u>	<u>70.2</u>	<u>109.6</u>	<u>108.1</u>	<u>93.0</u>
<u><u>7.9 %</u></u>	<u><u>29.8 %</u></u>	<u><u>(9.6) %</u></u>	<u><u>(8.1) %</u></u>	<u><u>7.0 %</u></u>

**Brazoria County Municipal Utility District No. 29  
Board Members, Key Personnel, and Consultants  
Year Ended July 31, 2025**

Complete District mailing address:	Brazoria County Municipal Utility District No. 29 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 22, 2024
Limit on fees of office that a director may receive during a fiscal year:	\$ 7,200

<u>Board Members</u>	<u>Term of Office Elected &amp; Expires</u>	<u>Fees*</u>	<u>Expense Reimbursements</u>	<u>Title at Year-End</u>
Eddie Cook	Elected 05/24– 05/28	\$ 7,200	\$ 3,590	President
Cassandra Cantner	Elected 05/22– 05/26	6,630	3,191	Vice President
Robina Spruill	Elected 05/24– 05/28	7,200	3,176	Secretary
Erin Garcia	Elected 05/22– 05/26	6,409	2,177	Assistant Vice President
Elizabeth Miller	Elected 05/24– 05/28	6,630	1,848	Assistant Secretary

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

**Brazoria County Municipal Utility District No. 29  
Board Members, Key Personnel, and Consultants  
Year Ended July 31, 2025**

**(Continued)**

<u>Consultants</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	06/29/04	\$ 98,240	General Counsel
Assessments of the Southwest, Inc.	08/02/04	32,879	Tax Assessor/ Collector
Brazoria County Appraisal District	Legislative Action	29,336	Appraiser
EHRA Engineering, Inc.	03/07/05	223,412	Engineer
Forvis Mazars, LLP	07/11/05	22,700	Auditor
Municipal Accounts & Consulting, L.P.	08/02/04	75,193	Bookkeeper
Municipal Operations & Consulting, Inc.	04/01/12	786,226	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/07/05	8,817	Delinquent Tax Attorney
Rathmann & Associates, L.P.	12/06/04	-	Financial Advisor
<b><u>Investment Officers</u></b>			
Mark M. Burton and Ghia Lewis	12/06/04	N/A	Bookkeepers

