BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66

(Brazoria County, Texas)

PRELIMINARY OFFICIAL STATEMENT

DATED: JUNE 17, 2026

$1,930,000
UNLIMITED TAX BONDS
SERIES 2026

BIDS DUE: 10:30 A.M., HOUSTON TIME
BONDS AWARDED: 12:00 NOON, HOUSTON TIME
WEDNESDAY, JULY 29, 2026
HOUSTON, TEXAS

RATHMANN & ASSOCIATES

Financial Advisor to the District

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 17, 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." See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Moody's Investors Service, Inc. (Underlying)… "Baa3"
See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings" herein

$1,930,000
BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
(A Political Subdivision of the State of Texas located within Brazoria County, Texas)
UNLIMITED TAX BONDS, SERIES 2026

Dated: August 1, 2026
Interest Accrual Date: Date of Delivery

Due: September 1, as shown on the 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 August 26, 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 September 1, 2032, are subject to redemption prior to maturity at the option of Brazoria County Municipal Utility District No. 66 (the "District"), as a whole or in part, on September 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 (as defined below) of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

See MATURITY SCHEDULE on the inside cover

The Bonds constitute the fourth 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 BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District have authorized a total of $14,670,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing the System and refunding bonds issued for such purpose, $2,110,000 principal amount of unlimited tax bonds for road and refunding bonds issued for such purpose, and $1,165,000 principal amount of unlimited tax bonds for recreational facilities and refunding bonds issued for such purpose. Following the issuance of the Bonds, no unlimited tax bonds for the acquisition or construction of the System and refunding purposes, $2,110,000 principal amount of unlimited tax bonds for roads and refunding bonds issued for such purpose, and $1,165,000 principal amount of unlimited tax bonds for recreational facilities and refunding purposes will remain authorized but unissued. See "THE BONDS - Issuance of Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment." Neither the State of Texas, the City of 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 in book-entry form through the facilities of DTC is expected on or about August 26, 2026.

MATURITY SCHEDULE

CUSIP Prefix[a]: 10607T

Maturity (Due September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield[b]	CUSIP Suffix[a]
2028	$35,000	%	%	
2029	30,000			
2030	30,000			
2031	30,000			
2032[c]	25,000			
2033[c]	25,000			
2034[c]	25,000			
2035[c]	15,000			
2036[c]	10,000			
2037[c]	10,000			
****	******			
2046[c]	185,000			
2047[c]	190,000			
2048[c]	450,000			
2049[c]	870,000			

(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 cover page hereof.

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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 Underwriter (as hereinafter defined), and thereafter only as described under "OFFICIAL STATEMENT - Updating of Official Statement."

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

Neither the District nor the Underwriter makes 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, which resulted in a net effective interest rate of __________%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

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

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH 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 "Baa3" 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 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.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	Brazoria County Municipal Utility District No. 66 (the "District") is a political subdivision of the State of Texas located within Brazoria County, Texas. See "THE DISTRICT - General."
Description	The $1,930,000 Unlimited Tax Bonds, Series 2026, mature on September 1 in the years and principal amounts shown on the inside cover page of this Official Statement. The Bonds are dated August 1, 2026, and interest on the Bonds accrues from the Date of Delivery (as defined herein), with interest payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The Bonds scheduled to mature on and after September 1, 2032, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 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. See "THE BONDS."
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "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 upon all taxable property 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 the obligations of the State of Texas, Brazoria County, the City of Manvel, or any entity other than the District.
Use of Proceeds	Proceeds of the sale of the Bonds will be used by the District to (i) finance (a) the District's cost of acquisition or construction of water, wastewater, and drainage facilities to serve Bluewater Lakes, Sections 5 and 6, and Pollard Boulevard, Phase 2; (b) Bluewater Lakes clearing and grubbing; (c) geotechnical, material testing, and storm water pollution prevention plan costs; and (d) impact fees ("Impact Fees") paid to the City of Manvel associated with the City's provision of water supply and wastewater treatment to the District; (ii) pay engineering costs associated with the design and construction of such

facilities; (iii) capitalize interest in an amount not to exceed $106,150; (iv) pay interest on advances made by a developer of land located within the District on behalf of the District; and (v) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), engineering fees, 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 fourth series of unlimited tax bonds issued by the District to finance water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities (collectively, the "System"). The District has previously issued its Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds"), Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds") and Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") for the purpose of acquiring and constructing the System to serve the District. Collective reference is made in this Official Statement to the District's prior issued bonded indebtedness as the "Prior Bonds." The District has timely paid all principal of and interest on the Prior Bonds when due. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was $12,075,000 (collectively, the "Outstanding Bonds"), and after issuance of the Bonds, the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $14,005,000.

Authorized But Unissued Bonds ....

No bonds for waterworks, wastewater, and drainage facilities and refunding bonds issued for such purposes (after issuance of the Bonds), $2,110,000 for roads and refunding bonds issued for such purpose, and $1,165,000 for parks and recreational facilities, and refunding of bonds issued for such purposes. See "THE BONDS - Issuance of Additional Debt." In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of rehabilitation or upgrades to the System and/or Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District's voters.

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 "Baa3" 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 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 Counsel .... Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS" and "TAX MATTERS."

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."

THE DISTRICT

Description .... The District, a political subdivision of the State of Texas, was created by Order of the TCEQ, dated July 28, 2017. The District contains approximately 147.37 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 Houston, Texas. The District is located approximately 1.5 miles east of the intersection of State Highway 6 and State Highway 288 and is directly north of State Highway 6. The District is accessed from State Highway 6 and Pollard Boulevard. The District lies within the Alvin Independent School District. See "THE DISTRICT - General" and "Description," and "APPENDIX A - LOCATION MAP."

The District obtains water and sewer service from the City. The City and Parrish Holdings GP, LLC, on behalf of the District entered into a Utility Agreement dated May 9, 2011 (the "Original Agreement"), which was amended on March 13, 2017 (the "Amended Utility Agreement"), (the Original Agreement and Amended Utility Agreement are collectively referred to as the "Utility Agreement"), to provide a water distribution system, sanitary sewer collection system and drainage system (the "System") and certain recreational facilities to serve the District. In consideration of the District acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Utility Agreement, to own and operate the System (other than detention facilities, which are owned and operated by the District) and certain recreational facilities.

Authority	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas, and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."
Development and Home Construction	According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage/detention facilities and street paving have been completed to serve 329 single-family residential lots located in Bluewater Lakes, Sections 1 through 6 (approximately 118.98 total acres, including approximately 26.244 acres of detention and approximately l.202 acres of park space) in the District as is delineated in the chart that appears in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." The initial developer of the District, Beazer Homes Texas, L.P. ("Beazer Homes"), completed the development of the aforementioned 329 single-family residential lots that have been subdivided as Bluewater Lakes, Sections 1 through 6. Homes have been built on all of such 329 single-family residential lots and all of such homes have been conveyed to home purchasers. Beazer Homes owns no additional land within the District. Broad Reach Partners III, L.P. ("BRP") originally owned approximately 22.3 undeveloped acres located within the District expected to be developed for future commercial purposes. BRP conveyed approximately 0.83 acres of such acres to Vaquero Manvel Partners, LP ("Vaquero Manvel") on which it has constructed an approximately 2,133 square foot Starbucks retail store. BRP conveyed approximately 5.68 acres of such acres to Haazelt Holdings on 1.68 acres of which it is currently constructing a retail shopping center. BRP conveyed approximately 0.78 acres of such acres to AutoZone Parts Inc. on which it has constructed an approximately 7,700 square foot AutoZone. BRP conveyed approximately 1.08 acres of such acres to South Shore ER LLC which is currently still undeveloped. BRP also conveyed approximately 1.75 acres to Brazoria Conservation and Reclamation District No. 3 for drainage purposes. BRP has no obligation to the District to undertake the development of any of such remaining approximately 12.18 currently undeveloped acres. The District cannot predict that the development of any of such land thereof will be undertaken. The balance of the land located in the District is contained within easements, rights-of-way, detention ponds, or is otherwise not available for future development. See "DEVELOPER," "FUTURE DEVELOPMENT," "TAX DATA - Principal 2025 Taxpayers" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."
Developer	The initial developer of land within the District is Beazer Homes Texas, L.P., a Delaware limited partnership ("Beazer Homes"). As is described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," Beazer Homes has completed the development of 329 single-family residential lots (approximately 118.98 total acres, including approximately 26.244 acres of detention and approximately l.202 acres of park space) that have been subdivided as Bluewater Lakes, Sections 1 through 6. Homes have been built on all of such 329 single-family residential lots and all of such homes have been conveyed to

home purchasers. Beazer Homes owns no additional land within the District.

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2025 Assessed Valuation (As of January 1, 2025) See "TAX DATA" and "TAXING PROCEDURES"		$	126,263,071	(a)
2026 Preliminary Valuation (As of January 1, 2026) See "TAX DATA" and "TAXING PROCEDURES"		$	126,784,160	(b)
Direct Debt:				
Outstanding Bonds		$	12,075,000	
The Bonds			1,930,000	
Total		$	14,005,000	(c)
Estimated Overlapping Debt		$	14,143,886	
Total Direct and Estimated Overlapping Debt		$	28,148,886	(c)
Direct Debt Ratios				
: as a percentage of 2025 Assessed Valuation			11.09	%
: as a percentage of 2026 Preliminary Valuation			11.05	%
Direct and Estimated Overlapping Debt Ratios				
: as a percentage of 2025 Assessed Valuation			22.29	%
: as a percentage of 2026 Preliminary Valuation			22.20	%
Debt Service Fund Balance Estimated as of Delivery of the Bonds		$	1,221,538	(d)
General Fund Balance as of May 20, 2026		$	482,938	
2025 Tax Rate per $100 of Assessed Valuation				
Debt Service Tax	$0.610			
Maintenance Tax	0.254			
Total		$	0.864	(e)
Average Percentage of Total Tax Collections (2017-2024) Tax Levies (As of May 31, 2026)			99.99	%
Percentage of Total Tax Collections (2025) Tax Levy (As of May 31, 2026)			99.63	%
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2049)		$	925,661	
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2045)		$	967,119	
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2049) at 95% Tax Collections				
Based Upon 2025 Assessed Valuation		$	0.78	
Based Upon 2026 Preliminary Valuation		$	0.77	

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2045) at 95% Tax Collections		
Based Upon 2025 Assessed Valuation	$	0.81
Based Upon 2026 Preliminary Valuation	$	0.81
Number of Single Family Residences as of June 1, 2026		329

(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 Central Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Brazoria Central Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) This amount is the sum of the preliminary values of all taxable property located within the District as of January 1, 2026, as reflected on the District's preliminary 2026 tax roll supplied to the District by the Appraisal District, and includes the preliminary 2026 values resulting from the construction of taxable improvements from January 1, 2025, through December 31, 2025. When the Appraisal District supplies a taxing entity with a preliminary tax roll, such preliminary tax roll does not include personal property values. Therefore, this amount includes the 2025 taxable value of personal property located within the District. The taxable value of personal property on the District's 2025 tax roll was $2,907,090. The District's ultimate 2026 Assessed Valuation may vary significantly from such preliminary tax roll once the Appraisal Review Board certifies the value thereof for 2026. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(c) See "DISTRICT DEBT." In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of rehabilitation or upgrades to the System and/or Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District's voters. See "THE BONDS - Issuance of Additional Debt," "FUTURE DEVELOPMENT" and "INVESTMENT CONSIDERATIONS - Future Debt."

(d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2026, and the contribution by the District of capitalized interest in an amount not to exceed $106,150, to be deposited in the Debt Service Fund upon delivery of the Bonds. The District's remaining debt service payments for 2026, which are due on September 1, 2026, total $555,600. The initial payment on the Bonds, consisting of an interest payment thereon, is due on September 1, 2027.

(e) The District levied a total tax rate of $0.864 per $100 of Assessed Valuation for 2025, consisting of debt service and maintenance tax components of $0.61 and $0.254 per $100 of Assessed Valuation, respectively. 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. See "TAX DATA - Estimated Overlapping Taxes." As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2025 tax rate, is $3.265229 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
UNLIMITED TAX BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Brazoria County Municipal Utility District No. 66 (the "District") of its $1,930,000 Unlimited Tax Bonds, Series 2026 (the "Bonds"). The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the resolution (the "Bond Resolution") of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds.

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 the District upon request and 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 August 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 September 1 in each of the years and in the amounts shown under "MATURITY SCHEDULE" on the inside cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Houston, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar").

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 (as defined herein) 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 below under "Book-Entry-Only System."

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Assignments, Transfers and Exchanges

In the event DTC's 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. At any time after the date of delivery of the Bonds to the Initial Purchaser, 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 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, on 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.

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Redemption Provisions

Bonds maturing on September 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 September 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.

Payment Record

The Bonds constitute the fourth series of unlimited tax bonds issued by the District to finance water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities (collectively, the “System”). The District has previously issued its Unlimited Tax Bonds, Series 2020 (the “Series 2020 Bonds”), Unlimited Tax Bonds, Series 2022 (the “Series 2022 Bonds”) and Unlimited Tax Bonds, Series 2023 (the “Series 2023 Bonds”) for the purpose of acquiring and constructing the System to serve the District. Collective reference is made in this Official Statement to the District’s prior issued bonded indebtedness as the “Prior Bonds.” The District has timely paid all principal of and interest on the Prior Bonds when due. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was $12,075,000 (collectively, the “Outstanding Bonds”), and after issuance of the Bonds, the aggregate principal amount of the District’s bonded indebtedness, including the Bonds, will be $14,005,000.

Authority for Issuance

At an election held within the District on November 7, 2017, voters of the District authorized a total of $14,670,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the “System”), and refunding bonds issued for such purposes, $1,165,000 in bonds for the purpose of acquiring or constructing recreational facilities and refunding of such bonds, and $2,110,000 in bonds for the purpose of acquiring and constructing roads and refunding such bonds. The Bonds constitute the fourth issuance of bonds from such authorization. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Texas Commission on Environmental Quality (the “TCEQ” or “Commission”).

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

Source of Payment

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. 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 collection, and Paying Agent/Registrar fees. Such proceeds, after deduction for collection costs, will be placed in the District's Debt Service Fund and used solely to pay principal of and interest on the Bonds, and on additional bonds payable from taxes which may hereafter be issued, and Paying Agent/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, or any entity other than the District.

Funds

In the Bond Resolution the Debt Service Fund is confirmed. The proceeds from all taxes levied, appraised and collected for and on account of the Prior Bonds and the Bonds authorized by the Bond Resolution shall be deposited, as collected, in the Debt Service Fund. The District will deposit an amount not to exceed $106,150 of capitalized interest on the Bonds to be deposited in the Debt Service Fund upon the date of delivery of the Bonds.

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ (other than refunding and road bonds), 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 $14,670,000 unlimited tax bonds for construction of the System, and refunding purposes, and could authorize additional amounts. Following the issuance of the Bonds, no bonds will remain authorized but unissued for construction of the System, and refunding purposes. The District's voters also have authorized $1,165,000 in unlimited tax bonds for parks and recreational facilities and refunding purposes, all of which remains unissued, and could authorize additional amounts. In addition, the District's voters also have authorized $2,110,000 in unlimited tax bonds for roads and refunding purposes, all of which remains unissued, and could authorize additional amounts. 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 water distribution, wastewater collection, storm drainage/detention facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "Use and Distribution of Bond Proceeds" below and "THE SYSTEM"), the District expects to finance the acquisition or construction of maintenance or upgrades of the System and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future.

According to the District's consulting engineer, LJA Engineering (the "Engineer"), maintenance or upgrades of the System may need to be financed in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District's voters. See "DEVELOPMENT OF THE DISTRICT," "FUTURE DEVELOPMENT," and "THE SYSTEM."

The District is authorized by statute to develop parks and recreational facilities, including the issuance 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 plan and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not greater than three percent of the value of the taxable property in the District. On November 7, 2017, the District authorized $1,165,000 in bonds for parks and recreational facilities and refunding of same.

Under certain circumstances, the District also is authorized to construct roads. As approved by the District's voters at an election held within the District on November 7, 2017, the District currently has $2,110,000 in bonds authorized but unissued for the purpose of acquiring and constructing roads and refunding such 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 wholly within the corporate limits of the City of Manvel, Texas, the District may be dissolved by the City of Manvel, without the District's consent, subject to compliance by the City of Manvel with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is dissolved, the City of Manvel must assume the District's assets and obligations (including the Bonds) and abolish the District within 90 days of the date of dissolution. 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; therefore, the District makes no representation that the City of Manvel will ever dissolve the District and assume its obligations. Moreover, no representation is made concerning the ability of the City of Manvel to make debt service payments should dissolution 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 portion of the System not conveyed to the City of Manvel), and liabilities (such as the Bonds), with the assets and liabilities of the district or districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

Registered Owners' Remedies

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

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. In addition, any legal action taken to seek any such remedies may be limited by the doctrine of sovereign immunity. 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 judgment cannot 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 and "INVESTMENT CONSIDERATIONS - Registered Owners' Remedies and Bankruptcy."

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

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Use and Distribution of Bond Proceeds

Proceeds of the sale of the Bonds will be used by the District to (i) finance (a) the District's cost of acquisition or construction of water, wastewater, and drainage facilities to serve Bluewater Lakes, Sections 5 and 6, and Pollard Boulevard, Phase 2; (b) Bluewater Lakes clearing and grubbing; (c) geotechnical, material testing, and storm water pollution prevention plan costs; and (d) impact fees ("Impact Fees") paid to the City of Manvel associated with the City's provision of water supply and wastewater treatment to the District; (ii) pay engineering costs associated with the design and construction of such facilities; (iii) capitalize interest in an amount not to exceed $106,150; (iv) pay interest on advances made by a developer of land located within the District on behalf of the District; and (v) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), engineering fees, and certain financing costs related to the issuance of the Bonds.

I.	**Construction Costs**		**District's Share**
	A.	Developer Contribution Items [(a)]	
		1. Pollard Boulevard Phase 2 – Water, Wastewater and Drainage	$209,216
		2. Bluewater Lakes – Clearing and Grubbing	158,149
		3. Bluewater Lakes Section 5 – Water, Wastewater and Drainage	363,554
		4. Bluewater Lakes Section 6 – Water, Wastewater and Drainage	419,024
		5. Storm Water Pollution Prevention Plan	86,622
		6. Engineering, Geotechnical Investigation, and Materials Testing	230,125
		Total Developer Contribution Items	$1,466,690
	B.	District Items	
		1. City of Manvel Water and Wastewater Impact Fees	$24,000
		Total District Items	$24,000
		Less Surplus Funds	($163,195)
		TOTAL NET CONSTRUCTION COSTS	$1,327,495
II.	**Non-Construction Costs**		
	A.	Legal Fees	$57,900
	B.	Fiscal Agent Fees	38,600
	C.	Interest Costs	
		1. Capitalized Interest	106,150
		2. Developer Interest [(b)]	245,269
	D.	Bond Discount	57,900
	E.	Bond Issuance Expenses	34,931
	F.	Bond Application Report Costs	55,000
	G.	Attorney General Fee	1,930
	H.	TCEQ Bond Issuance Fee	4,825
	I.	Contingency [(c)]	0
		TOTAL NON-CONSTRUCTION COSTS	$602,505
		TOTAL BOND ISSUE REQUIREMENT	**$1,930,000**

(a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement with respect to certain facilities being financed with portions of the proceeds of the sale of the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds.

(b) Represents interest owed to a developer of land located within the District on advances made on the District's behalf. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the such developer borrowed funds.

(c) The TCEQ directed that any surplus funds resulting from the sale of bonds at a lower interest rate than proposed shall be shown as a contingency line item. The use of these funds is subject to the TCEQ rules.

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 a developer of land located within the District 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, a municipal utility district, was created by Order of the TCEQ dated July 28, 2017. The District operates pursuant to Article XVI, Section 59 of the Texas Constitution, the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies totally within the 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. 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 required to observe certain requirements of the City of Manvel, which limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, roads, and recreational facilities and the refunding of outstanding debt obligations; limit the net effective interest rate 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, as appropriate. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “THE SYSTEM.”

Utility Agreement

The District is located wholly within the corporate limits of the City and obtains water, sewer and drainage service from the City. The City and Parrish Holdings GP, LLC, on behalf of the District, entered into a Utility Agreement dated May 9, 2011 (the “Original Agreement’) which was amended on March 13, 2017 (the “Amended Utility Agreement’), to provide a water distribution system, sanitary sewer collection system and drainage system (the “System”). The Original Agreement and Amended Utility Agreement are collectively referred to as the “Utility Agreement.” In consideration of the District acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Utility Agreement, to own and operate the System (other than detention facilities, which are owned and operated by the District) and certain recreational facilities.

As construction of each phase of the System is certified to be complete in accordance with the final plans and specifications approved by the City, the District is to transfer such portion of the System with construction drawings thereof to the City reserving a security interest therein until the bonds issued to acquire and construct the System have been retired. Upon transfer, the City has agreed to operate and maintain the System (other than detention facilities which are owned and operated by the District) at its expense. Under the Utility Agreement, the City has agreed to charge customers of the System the same rates charged other similar users within the City. All revenue from the System, including any charges which the City may impose for connection to the System, belongs exclusively to the City.

The City, as owner and operator of the System (other than detention facilities, which are owned and operated by the District), has agreed to supply the District with all of its requirements for potable water and wastewater treatment. See “THE SYSTEM.”

Description

The District contains approximately 147.37 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 Houston, Texas. The District is located approximately 1.5 miles east of the intersection of State Highway 288 and is directly north of State Highway 6. The District is accessed from State Highway 6 and Pollard Boulevard. The District lies within the Alvin Independent School District. See "General" above and "APPENDIX A - LOCATION MAP."

Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. Director Cornejo is the only Director that currently resides within the District.

Name	Position	Term Expires in May
Steve Davison	President	2028
Jorge Lozano	Vice President	2030
Felix D. Ortega, Jr.	Assistant Vice President	2028
Brett Briggs	Secretary	2030
Juan Carlos Cornejo	Assistant Secretary	2030

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 Central Appraisal District and bills and collects such levy.

Consulting Engineers - The District has employed the firm of LJA Engineering, Inc., Houston, Texas, as Consulting Engineer in connection with the overall planning activities and the design and construction of the System. In addition, various other engineers are engaged by developers of land located within the District in connection with the design and construction of water, sewer and drainage facilities that serve portions of the System.

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

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audits are filed with the TCEQ. The District's auditor for the 2026 fiscal year is McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, Houston, Texas. A copy of the District's audit for the fiscal year ended June 30, 2025, is included as "APPENDIX B" to this Official Statement.

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.

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.

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

According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage/detention facilities and street paving have been completed to serve 329 single-family residential lots located in Bluewater Lakes, Sections 1 through 6 (approximately 118.98 total acres, including approximately 26.244 acres of detention and approximately l.202 acres of park space) in the District as is delineated in the chart that appears below.

The initial developer of the District, Beazer Homes Texas, L.P. ("Beazer Homes"), completed the development of the aforementioned 329 single-family residential lots that have been subdivided as Bluewater Lakes, Sections 1 through 6. Homes have been built on all of such 329 single-family residential lots and all of such homes have been conveyed to home purchasers. Beazer Homes owns no additional land within the District.

Broad Reach Partners III, L.P. ("BRP") originally owned approximately 22.3 undeveloped acres located within the District expected to be developed for future commercial purposes. BRP conveyed approximately 0.83 acres of such acres to Vaquero Manvel Partners, LP ("Vaquero Manvel") on which it has constructed an approximately 2,133 square foot Starbucks retail store. BRP conveyed approximately 5.68 acres of such acres to Haazelt Holdings on 1.68 acres of which it is currently constructing a retail shopping center. BRP conveyed approximately 0.78 acres of such acres to AutoZone Parts Inc. on which it has constructed an approximately 7,700 square foot AutoZone. BRP conveyed approximately 1.08 acres of such acres to South Shore ER LLC which is currently still undeveloped. BRP also conveyed approximately 1.75 acres to Brazoria Conservation and Reclamation District No. 3 for drainage purposes. BRP has no obligation to the District to undertake the development of any of such remaining approximately 12.18 currently undeveloped acres. The District cannot predict that the development of any of such land thereof will be undertaken. The balance of the land located in the District is contained within easements, rights-of-way, detention ponds, or is otherwise not available for future development. See "DEVELOPER," "FUTURE DEVELOPMENT," "TAX DATA - Principal 2025 Taxpayers" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

	LOTS				HOMES					
					Under Construction		Completed			
Subdivision	Developed	Acres	Under Development	Acres	Sold	Unsold	Sold	Unsold	Models	Totals
Bluewater Lakes										
Section 1(i)	46	15.96			0	0	46	0	0	46
Section 2	29	7.11			0	0	29	0	0	29
Section 3	82	22.06			0	0	82	0	0	82
Section 4	76	19.43			0	0	76	0	0	76
Section 5	27	7.86			0	0	27	0	0	27
Section 6(ii)	69	19.11			0	0	69	0	0	69
Totals	329	91.53	0	0	0	0	329	0	0	329

(i) Total acreage of Section 1 is approximately 35.06 acres which includes approximately 17.899 acres of detention and approximately 1.202 acres of park space.
(ii) Total acreage of Section 6 is approximately 27.46 acres which includes approximately 8.345 acres of detention.

DEVELOPER

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 municipal utility district pursuant to the rules of the TCEQ. The District requested an exemption from such developer participation requirement with respect to certain facilities that were financed with portions of the proceeds of the sale of the Prior Bonds, and that are being financed with portions of the proceeds of the sale of the Bonds, on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its 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 municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a district. See "FUTURE DEVELOPMENT" below.

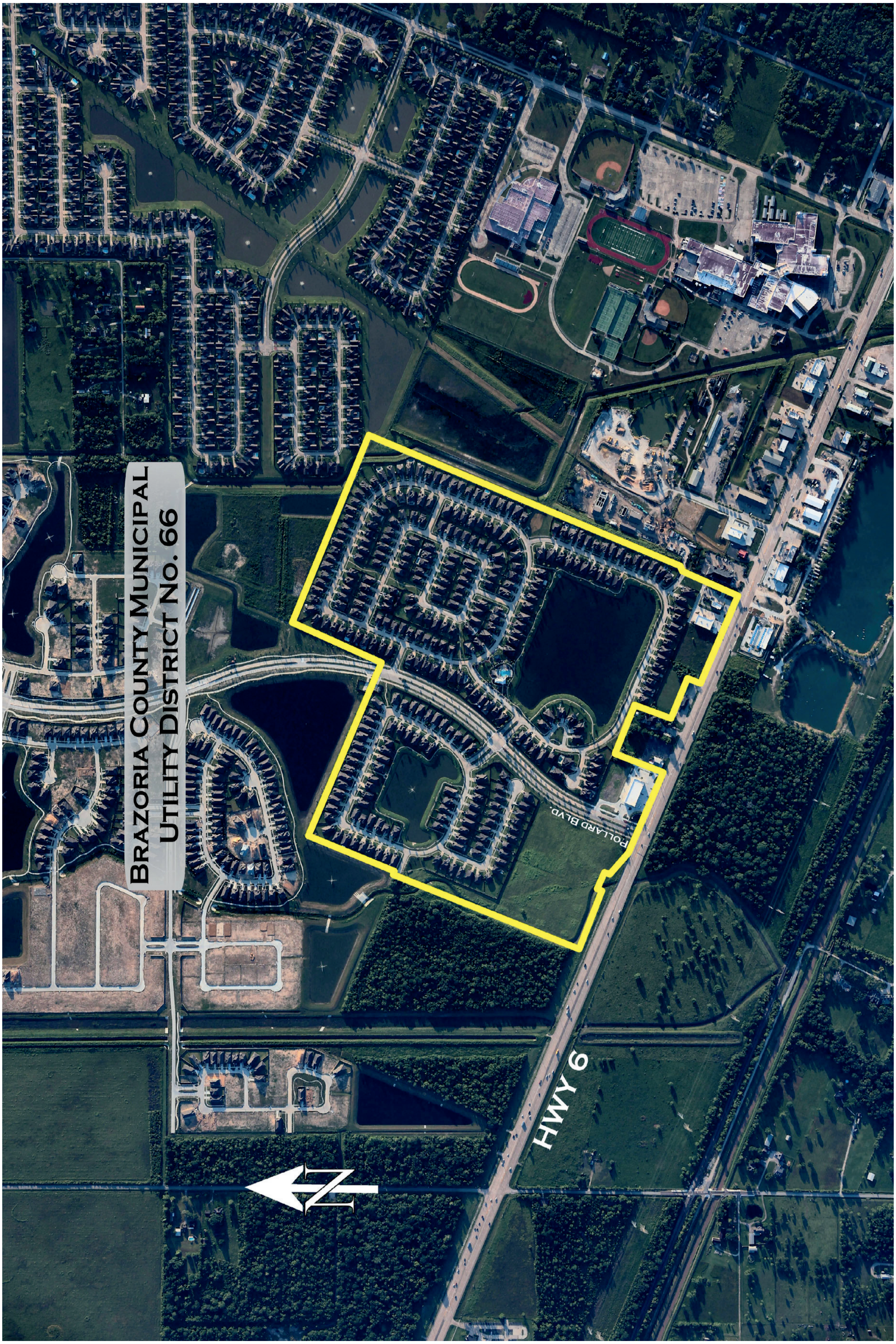
Description of the Developer

The initial developer of land within the District is Beazer Homes Texas, L.P., a Delaware limited partnership ("Beazer Homes"). As is described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," Beazer Homes has completed the development of 329 single-family residential lots (approximately 118.98 total acres, including approximately 26.244 acres of detention and approximately l.202 acres of park space) that have been subdivided as Bluewater Lakes, Sections 1 through 6. Homes have been built on all of such 329 single-family residential lots and all of such homes have been conveyed to home purchasers. Beazer Homes owns no additional land within the District.

FUTURE DEVELOPMENT

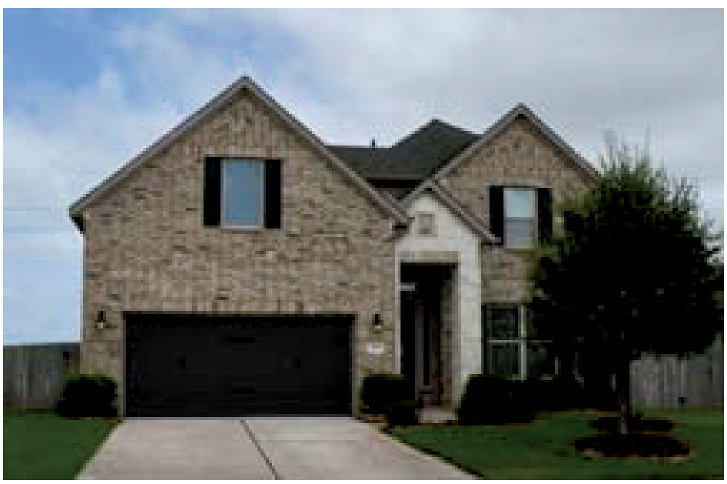
Broad Reach Partners III, L.P. ("BRP") originally owned approximately 22.3 undeveloped acres located within the District expected to be developed for future commercial purposes. BRP conveyed approximately 0.83 acres of such acres to Vaquero Manvel Partners, LP ("Vaquero Manvel") on which it has constructed an approximately 2,133 square foot Starbucks retail store. BRP conveyed approximately 5.68 acres of such acres to Haazelt Holdings on 1.68 acres of which it is currently constructing a retail shopping center. BRP conveyed approximately 0.78 acres of such acres to AutoZone Parts Inc. on which it has constructed an approximately 7,700 square foot AutoZone. BRP conveyed approximately 1.08 acres of such acres to South Shore ER LLC which is currently still undeveloped. BRP also conveyed approximately 1.75 acres to Brazoria Conservation and Reclamation District No. 3 for drainage purposes. BRP has no obligation to the District to undertake the development of any of such remaining approximately 12.18 currently undeveloped acres. The District cannot predict that the development of any of such land thereof will be undertaken. The balance of the land located in the District is contained within easements, rights-of-way, detention ponds, or are otherwise not available for future development. See "DEVELOPER." "TAX DATA - Principal 2025 Taxpayers" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." Since no party, including BRP, is under any obligation to the District to undertake the development of any currently undeveloped portion of the District, the District can make no representation as to when, or whether, the undeveloped portions of the District might be developed. If any undeveloped portion of the District is eventually developed, additions to the water, wastewater and drainage systems required to service such undeveloped acreage may be financed by future issues of the District's bonds. According to the District's consulting engineer, LJA Engineering (the "Engineer"), maintenance or upgrades of the System may need to be financed in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District's voters. See "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt." In addition to the water distribution, wastewater collection, storm drainage/detention facilities that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities and Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District’s voters.

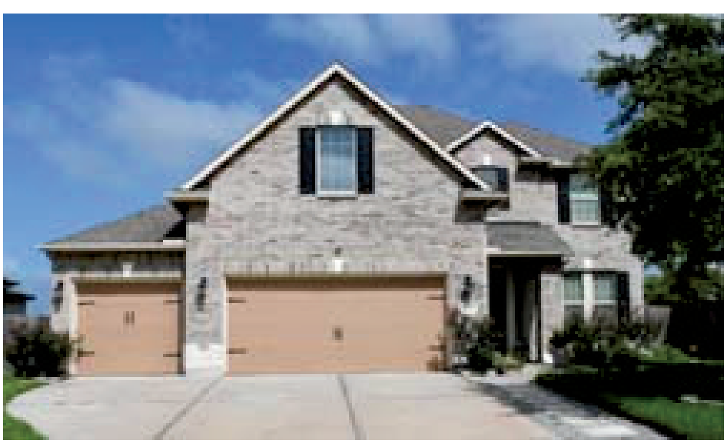
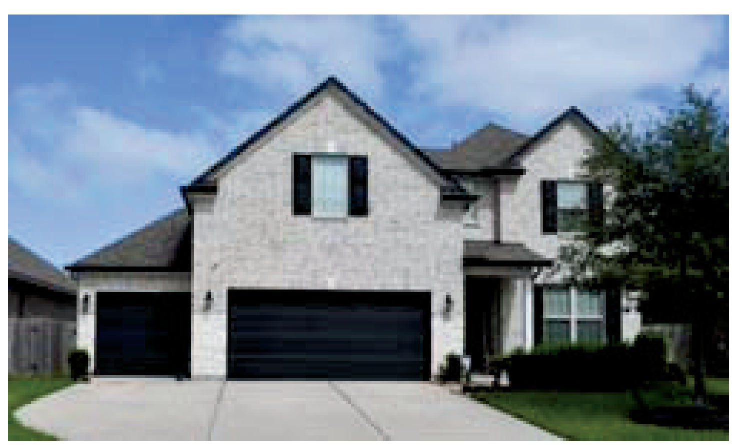
AERIAL PHOTOGRAPH OF THE DISTRICT
(taken July 2026)



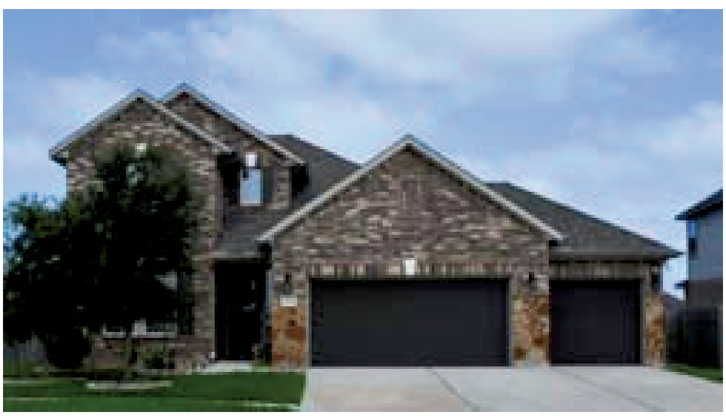
PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2026)

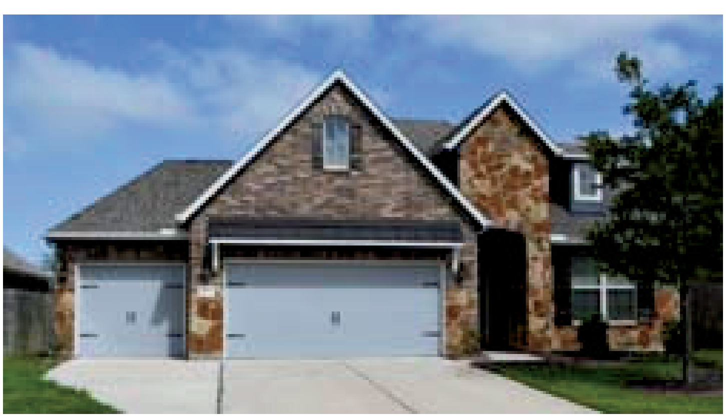




PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2026)





DISTRICT DEBT

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.

Year Ending December 31	Current Total Debt Service	Plus: The Bonds Principal	Plus: The Bonds Interest*	New Total Debt Service
2026	$781,200			$781,200
2027	781,925		$114,996	896,921
2028	777,025	$35,000	106,150	918,175
2029	781,650	30,000	104,225	915,875
2030	785,325	30,000	102,575	917,900
2031	790,475	30,000	100,925	921,400
2032	795,125	25,000	99,275	919,400
2033	794,025	25,000	97,900	916,925
2034	797,375	25,000	96,525	918,900
2035	805,725	15,000	95,150	915,875
2036	813,175	10,000	94,325	917,500
2037	819,750	10,000	93,775	923,525
2038	825,425		93,225	918,650
2039	835,175		93,225	928,400
2040	833,650		93,225	926,875
2041	841,394		93,225	934,619
2042	852,781		93,225	946,006
2043	862,894		93,225	956,119
2044	866,463		93,225	959,688
2045	873,894		93,225	967,119
2046	639,756	185,000	93,225	917,981
2047	643,181	190,000	83,050	916,231
2048	395,675	450,000	72,600	918,275
2049		870,000	47,850	917,850
	$17,993,063	$1,930,000	$2,148,346	$22,071,409

Average Annual Requirements: (2027-2049) $925,661
Maximum Annual Requirement: (2045).. $967,119

* Interest is estimated at 5.50% per annum for purposes of illustration.

Bonded Indebtedness

2025 Assessed Valuation (As of January 1, 2025) See “TAX DATA” and “TAXING PROCEDURES”		$	126,263,071	(a)
2026 Preliminary Valuation (As of January 1, 2026) See “TAX DATA” and “TAXING PROCEDURES”		$	126,784,160	(b)
Direct Debt:				
Outstanding Bonds		$	12,075,000	
The Bonds			1,930,000	
Total		$	14,005,000	(c)
Estimated Overlapping Debt		$	14,143,886	
Total Direct and Estimated Overlapping Debt		$	28,148,886	(c)
Direct Debt Ratios				
: as a percentage of 2025 Assessed Valuation			11.09	%
: as a percentage of 2026 Preliminary Valuation			11.05	%
Direct and Estimated Overlapping Debt Ratios				
: as a percentage of 2025 Assessed Valuation			22.29	%
: as a percentage of 2026 Preliminary Valuation			22.20	%
Debt Service Fund Balance as of May 20, 2026		$	1,221,538	(d)
General Fund Balance as of May 20, 2026		$	482,938	
2025 Tax Rate per $100 of Assessed Valuation				
Debt Service Tax	$0.610			
Maintenance Tax	0.254			
Total		$	0.864	(e)
Average Percentage of Total Tax Collections (2017-2024) Tax Levies (As of May 31, 2026)			99.99	%
Percentage of Total Tax Collections (2025) Tax Levy (As of May 31, 2026)			99.63	%

(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 Central Appraisal District (the “Appraisal District”) at 100% of assessed valuation as of January 1 of each year. The District’s tax roll is certified by the Brazoria Central Appraisal Review Board (the “Appraisal Review Board”). See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

(b) This amount is the sum of the preliminary values of all taxable property located within the District as of January 1, 2026, as reflected on the District's preliminary 2026 tax roll supplied to the District by the Appraisal District, and includes the preliminary 2026 values resulting from the construction of taxable improvements from January 1, 2025, through December 31, 2025. When the Appraisal District supplies a taxing entity with a preliminary tax roll, such preliminary tax roll does not include personal property values. Therefore, this amount includes the 2025 taxable value of personal property located within the District. The taxable value of personal property on the District’s 2025 tax roll was $2,907,090. The District's ultimate 2026 Assessed Valuation may vary significantly from such preliminary tax roll once the Appraisal Review Board certifies the value thereof for 2026. See

"TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(c) In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of rehabilitation or upgrades to the System and/or Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District's voters. See "THE BONDS - Issuance of Additional Debt," "FUTURE DEVELOPMENT" and "INVESTMENT CONSIDERATIONS - Future Debt."

(d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance gives effect to the payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2026, and the contribution by the District of capitalized interest in an amount not to exceed $106,150, to be deposited in the Debt Service Fund upon delivery of the Bonds. The District's remaining debt service payments for 2026, which are due on September 1, 2026, total $555,600. The initial payment on the Bonds, consisting of an interest payment thereon, is due on September 1, 2027.

(e) The District levied a total tax rate of $0.864 per $100 of Assessed Valuation for 2025, consisting of debt service and maintenance tax components of $0.61 and $0.254 per $100 of Assessed Valuation, respectively. 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. See "TAX DATA - Estimated Overlapping Taxes." As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2025 tax rate, is $3.265229 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in "Texas Municipal Reports," published by the Municipal Advisory Council of Texas, 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.

	Debt as of	Estimated Overlapping	
Taxing Jurisdiction	**June 1, 2026**	**Percent**	**Amount**
Brazoria County	$209,453,313	0.20783%	$435,308
City of Manvel	94,510,000	5.36462%	5,070,107
Alvin Community College District	46,170,000	0.55428%	255,909
Alvin Independent School District	1,002,700,000	0.83600%	8,382,562
Total Estimated Overlapping Debt			$14,143,886
Total Direct Debt (the Bonds and the Outstanding Bonds)			14,005,000
Total Direct and Estimated Overlapping Debt			$28,148,886

Debt Ratios

	% of 2025 Assessed Valuation	% of 2026 Preliminary Valuation
Direct Debt	11.09%	11.05%
Direct and Estimated Overlapping Debt	22.29%	22.20%

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, the Bonds, and any future tax-supported bonds that may be issued by the District from time to time. 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 when due (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The actual rate of such tax is determined annually as a function of the District's tax base, its debt service requirements, and available funds. The District levied a debt service tax of $0.61 per $100 of Assessed Valuation for 2025.

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 November 7, 2017, the District voters authorized the levy of such a maintenance tax in an amount not to exceed $1.50 per $100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds, and any parity bonds which may be issued in the future. The District levied a maintenance tax of $0.254 per $100 of Assessed Valuation for 2025.

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

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

				% Collections	
Tax Year	**Assessed Valuation**	**Tax Rate[(a)]**	**Total Levy**	**Current & Prior Years[(b)]**	**Year Ended 09/30**
2017	$2,728,790	$0.940[(c)]	$25,651	100.00%	2018
2018	2,780,936	0.940[(c)]	26,141	100.00	2019
2019	21,331,142	0.940[(c)]	200,513	100.00	2020
2020	39,390,033	0.940[(c)]	370,266	100.00	2021
2021	62,818,822	0.940	590,489	99.99	2022
2022	93,950,992	0.920	864,349	100.00	2023
2023	125,564,009	0.845	1,061,016	100.00	2024
2024	131,627,825	0.845	1,112,255	99.90	2025
2025	126,263,071	0.864	1,090,913	99.63[(d)]	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 May 31, 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) Maintenance tax only.
(d) As of May 31, 2026. In the process of collection.

Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	$0.610	$0.580	$0.620	$0.65	$0.62
Maintenance & Operations	0.254	0.265	0.225	0.27	0.32
Total	$0.864	$0.845	$0.845	$0.92	$0.94

Analysis of Tax Base

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

Type of Property	2025 Assessed Valuation	%	2024 Assessed Valuation	%	2023 Assessed Valuation	%
Land	$29,892,410	23.67%	$29,135,790	22.13%	$29,332,330	23.36%
Improvements	106,304,012	84.19%	111,830,062	84.96%	108,793,422	86.64%
Personal Property	2,907,090	2.30%	1,271,670	0.97%	1,099,790	0.88%
Exemptions	(12,840,441)	-10.17%	(10,609,697)	-8.06%	(13,661,533)	-10.88%
TOTAL	$126,263,071	100.00%	$131,627,825	100.00%	$125,564,009	100.00%

Type of Property	2022 Assessed Valuation	%	2021 Assessed Valuation	%
Land	$19,217,250	20.45%	$14,865,590	23.66%
Improvements	79,958,339	85.11%	49,241,680	78.39%
Personal Property	398,290	0.42%	312,330	0.50%
Exemptions	(5,622,887)	-5.98%	(1,600,778)	-2.54%
TOTAL	$93,950,992	100.00%	$62,818,822	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 property ownership reflected on the District's 2025 tax roll. See "DEVELOPER."

Taxpayer	Type of Property	Assessed Valuation 2025 Tax Roll	% of 2025 Tax Roll
Haazelt Holdings LLC	Land	$2,890,876	2.29%
Ocean Global Investment LLC	Land and Improvements	1,780,260	1.41%
Broad Reach Partners III LP	Land	1,129,150	0.89%
Homeowner	Land and Improvements	605,100	0.48%
Homeowner	Land and Improvements	545,530	0.43%
Homeowner	Land and Improvements	542,120	0.43%
Homeowner	Land and Improvements	539,960	0.43%
Homeowner	Land and Improvements	526,510	0.42%
Homeowner	Land and Improvements	521,840	0.41%
Homeowner	Land and Improvements	518,990	0.41%
		$9,600,336	7.60%

Tax Exemption

The District currently grants a $10,000 tax exemption for individuals who are disabled or 65 years or older.

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.

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 occurs beyond the 2025 Assessed Valuation or the 2026 Preliminary Valuation. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District.

Average Annual Debt Service Requirements (2027-2049)	$925,661
Tax Rate of $0.78 on the 2025 Assessed Valuation ($126,263,071) produces	$935,609
Tax Rate of $0.77 on the 2026 Preliminary Valuation ($126,784,160) produces	$927,426
Maximum Annual Debt Service Requirement (2045)	$967,119
Tax Rate of $0.81 on the 2025 Assessed Valuation ($126,263,071) produces	$971,594
Tax Rate of $0.81 on the 2026 Preliminary Valuation ($126,784,160) produces	$975,604

The District levied a debt service tax in the amount of $0.61 per $100 of Assessed Valuation for 2025, plus a maintenance tax of $0.254 per $100 of Assessed Valuation. As the above table indicates, the 2025 debt service tax rate will not be sufficient to pay the average annual and the maximum annual debt service requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the 2025 Assessed Valuation or the 2026 Preliminary Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." However, as is illustrated above under the caption "Historical Values and Tax Collection History," the District had collected an average of 99.99% of its 2017 through 2024 tax levies as of May 31, 2026, and its 2025 tax levy was 99.63% collected as of such date. Moreover, the District's Debt Service Fund balance is estimated to be $1,221,538 as of the date of delivery of the Bonds. 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 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 (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2025 - $0.61 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of rehabilitation or upgrades to the System and/or Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District's voters. See "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

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, plus 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.

Taxing Jurisdiction	2025 Tax Rate Per $100 of A.V.
The District [(i)]	$0.864000
Brazoria County	0.305000
Alvin Independent School District	1.150000
City of Manvel	0.560000
Brazoria County Emergency Service District No. 3	0.079229
Brazoria County Conservation and Reclamation District No. 3	0.150000
Alvin Community College District	0.157000
Total Tax Rate	$3.265229

[(i)] The District levied a total tax rate of $0.864 per $100 of Assessed Valuation for 2025, consisting of debt service and maintenance tax components of $0.61 and $0.254 per $100 of Assessed Valuation, respectively.

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 I of the Texas Tax Code (the "Property Tax Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing values established by the appraisal district. The Brazoria Central 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 Central Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

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. The District currently grants a $10,000 tax exemption for individuals who are disabled or 65 years or older. 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 currently does not grant a homestead exemption. See "TAX DATA - Exemptions."

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in- Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal for all prior and subsequent years.

Tax Abatement

Brazoria County may designate all or part of the District as a reinvestment zone, and the District, Brazoria County, and the City, at the option and discretion of each entity, may thereafter enter into tax abatement agreements with the owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatements to owners of property. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, including the District, for a period of up to ten years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

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

The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code.

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property 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, 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.

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."

Tax Payment Installments After Disaster

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

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

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 (the "City") and Brazoria County Conservation and Reclamation District No. 3.

The District is located wholly within the corporate limits of the City and obtains water, sewer and drainage service from the City. The City and the District entered into a Utility Agreement (see "THE DISTRICT - Utility Agreement") to provide a water distribution system, sanitary sewer collection system and a drainage system (the "System") to serve the District. In consideration of the District's acquiring and constructing the System on behalf of the City, the City agreed, pursuant to the terms and conditions of the Agreement, to own and operate the System (other than detention facilities, which are owned and operated by the District).

As construction of each phase of the System is certified to be complete in accordance with the final plans and specifications approved by the City, the District is to transfer such portion of the System (other than detention facilities, which are owned and operated by the District) with construction drawings thereof to the City reserving a security interest therein until the bonds issued to acquire and construct the System have been retired. Upon transfer, the City has agreed to operate and maintain the System (other than detention facilities, which are owned and operated by the District) at its expense.

The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 147.37 acres is approximately 440, with a total estimated population of 1,100 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

The System presently serves the 329 fully developed single-family residential lots located the District that are enumerated in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." The District financed components of the System and Impact Fees and other items with a portion of the proceeds of the Prior Bonds. The District will finance components of the System and Impact Fees, and other items with the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "THE BONDS - Use and Distribution of Bond Proceeds." In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of rehabilitation or upgrades to the System and/or Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future.

According to the District's consulting engineer, LJA Engineering (the "Engineer"), maintenance or upgrades of the System may need to be financed in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District's voters. See "DEVELOPMENT OF THE DISTRICT," "FUTURE DEVELOPMENT," and "THE SYSTEM."

Water Supply

The Utility Agreement requires the City to provide the District with potable water. According to the District's Engineer, the City's facilities provide adequate water supply capacity to provide service to all connections in the District developed with the proceeds of the sale of the Prior Bonds and the Bonds, plus all connections in the District expected to be developed in the future to complete the development of the District, although the District must rely on the City's obligations to supply the District with water under the terms of the Utility Agreement.

Wastewater Treatment

Pursuant to the Utility Agreement, the City is required to receive and treat all wastewater from the District. According to the District's Engineer, the City's facilities provide adequate wastewater treatment capacity to provide service to all connections in the District developed with the proceeds of the sale of the Prior Bonds and the Bonds, plus all connections in the District expected to be developed in the future to complete the development of the District, although the District must rely on the City's obligations to treat the District's wastewater under the terms of the Utility Agreement.

Drainage Improvements

Storm water drainage for the District is provided by an internal drainage network of underground storm drainage lines that outfall into detention ponds that ultimately drain into the C-12 drainage channel and then to Chocolate Bayou.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a 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. See "INVESTMENT CONSIDERATIONS - Extreme Weather Events."

According to the District's Engineer, all of the single-family residential acreage within the District has been officially removed from the 100-year flood plain with the approval of the two Letters of Map Revision-Fill (LOMR-F) issued by the Federal Emergency Management Agency (FEMA) on May 15, 2018, and July 13, 2018.

The National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in 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 are not the obligations 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, without legal limit as to rate or amount, levied upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "THE BONDS - Source of Payment" and - "Registered Owners' Remedies," and "Tax Collection Limitations" and "Registered Owners' Remedies and Bankruptcy" below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, credit availability, energy availability and cost, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Fluctuations in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see "Potential Effects of Oil Price Volatility on the Houston Area" below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although development of and home construction in the District have occurred as is described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," and "DEVELOPER," 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.

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 and home construction in the District have occurred as is described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," and "DEVELOPER," 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. The District cannot predict what impact, if any, a downturn in the local housing and financial markets or a downturn in the national housing and financial markets may have on the Houston market generally and the District specifically, or the maintenance of assessed values in the District. See "TAXING PROCEDURES."

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage 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 from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and decline in real estate and financial markets in the United States could adversely affect development in the District and restrain the growth of the District's property tax base.

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. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be $967,119 (2045) and the Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds will be $925,661 (2027 through 2049, inclusive). The District's 2025 Assessed Valuation of property located within the District is $126,263,071. Assuming no increase to nor decrease from the 2025 Assessed Valuation and the issuance of no additional bonds by the District, tax rates of $0.81 and $0.78 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District's 2026 Preliminary Valuation of property located within the District is $126,784,160. Assuming no increase to nor decrease from the 2026 Preliminary Valuation and the issuance of no additional bonds by the District, tax rates of $0.81 and $0.77 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. See "TAX DATA - Tax Rate Calculations."

The District levied a debt service tax in the amount of $0.61 per $100 of Assessed Valuation for 2025, plus a maintenance tax of $0.254 per $100 of Assessed Valuation. As the above calculations indicate, the 2025 debt service tax rate will not be sufficient to pay the average annual and the maximum annual debt service requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the 2025 Assessed Valuation or the 2026 Preliminary Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See "TAXING PROCEDURES." However, as is illustrated in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District had collected an average of 99.99% of its 2017 through 2024 tax levies as of May 31, 2026, and its 2025 tax levy was 99.63% collected as of such date. Moreover, the District's Debt Service Fund balance is estimated to be $1,221,538 as of the date of delivery of the Bonds. 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 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 (see "APPENDIX B - ANNUAL FINANCIAL REPORT"). Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2025 - $0.61 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "Factors Affecting Taxable Values and Tax Payments" above and "TAXING PROCEDURES." In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM") the District expects to finance the acquisition or construction of rehabilitation or upgrades to the System and/or Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District's voters. See "Future Debt" below and "FUTURE DEVELOPMENT."

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2025 rate, is $3.265229 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Increases in the District's tax rate to substantially higher levels than the total rate of $0.864 per $100 of Assessed Valuation that the District levied for 2025 may have an adverse impact upon future development of the District, the construction of homes within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process. See "THE BONDS - Registered Owners' Remedies," "TAX DATA - Estimated Overlapping Taxes" and "TAXING PROCEDURES."

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 taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property, (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer's limited right to redeem its foreclosed property as set forth below, or (e) insufficient foreclosure bids to satisfy the tax liens of all local taxing authorities which have parity liens on the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of the property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. See "TAXING PROCEDURES."

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" and - "Bankruptcy Limitations to Registered Owners' Rights."

The District may not be placed into bankruptcy involuntarily.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter 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 reserves in the Bond Resolution the right to issue the remaining $1,165,000 for parks and recreational facilities and refunding of bonds issued for such purpose and the $2,110,000 for roads and refunding of bonds issued for such purposes, and such additional bonds as may hereafter be approved by the voters of the District. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $1,165,000 for parks and recreational facilities is subject to TCEQ approval. In addition to the components of the System and Impact Fees that the District has financed with the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of rehabilitation or upgrades to the System and/or Impact Fees with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt” and “FUTURE DEVELOPMENT.”

According to the District's consulting engineer, LJA Engineering (the “Engineer”), maintenance or upgrades of the System may need to be financed in the future. In order for the District to issue additional bonds for waterworks, wastewater, and drainage facilities and refunding such bonds, the District would have to hold a bond election. The District cannot represent whether, or when such an election might be held or whether such bond election would be approved by the District’s voters. See “Maximum Impact on District Tax Rates” above, “THE BONDS,” “DEVELOPMENT AND HOME CONSTRUCTION,” “FUTURE DEVELOPMENT,” and “THE SYSTEM.” If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See “THE BONDS - Issuance of Additional Debt.”

As is stated above, the District is authorized by statute to develop parks and recreational facilities, including the issuance 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 plan and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District. On November 7, 2017, the District authorized $1,165,000 in bonds for parks and recreational facilities and refunding of same.

Competitive Nature of Houston Residential Housing Market

The housing industry in the Houston metropolitan area, including the City of Manvel, is very competitive, and the District can give no assurance that the building programs which are planned by any future home builder will be continued or completed. The respective competitive positions of any other developer(s) which might attempt future development in the District in the sale of developed lots or in the construction and sale of single family residential units or commercial property 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.

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.

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 for federal income tax purposes. 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."

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

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

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

Specific Flood Type Risks

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

Potential Effects of Oil Price Volatility on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or development 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 - General" and - "Bond Counsel and General 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. McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District.

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 appropriate officers 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.

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% 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.

NO MATERIAL ADVERSE CHANGE

The obligations of the Underwriter 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.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made by the District as to the accuracy or completeness of the information contained herein, except as described below under "Certification as to Official Statement." 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 District's financial statements for the fiscal year ended June 30, 2025, were audited by McCall Gibson Swedlund Barfoot PLLC and have been included herein as "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 BONDS - Use and Distribution of Bond Proceeds," "THE DISTRICT" and "THE SYSTEM" has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Assessments of the Southwest, Inc. and Brazoria Central 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 Brazoria Central 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 Underwriter is 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 Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; 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 Rule 15c2-12 of the SEC, 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.

The Official Statement, 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 Rule 15c2-12.

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" (except for "Estimated Overlapping 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 current fiscal year end is June 30. Accordingly, it must provide updated information by December 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 material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect beneficial owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

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

Limitations and Amendments

The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 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 SEC Rule 15c2-12 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 Underwriter 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 past five years, the District has complied in all material respects with its continuing disclosure agreement made by it in accordance with SEC Rule 15c2-12.

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 66 as of the date shown on the first page hereof.

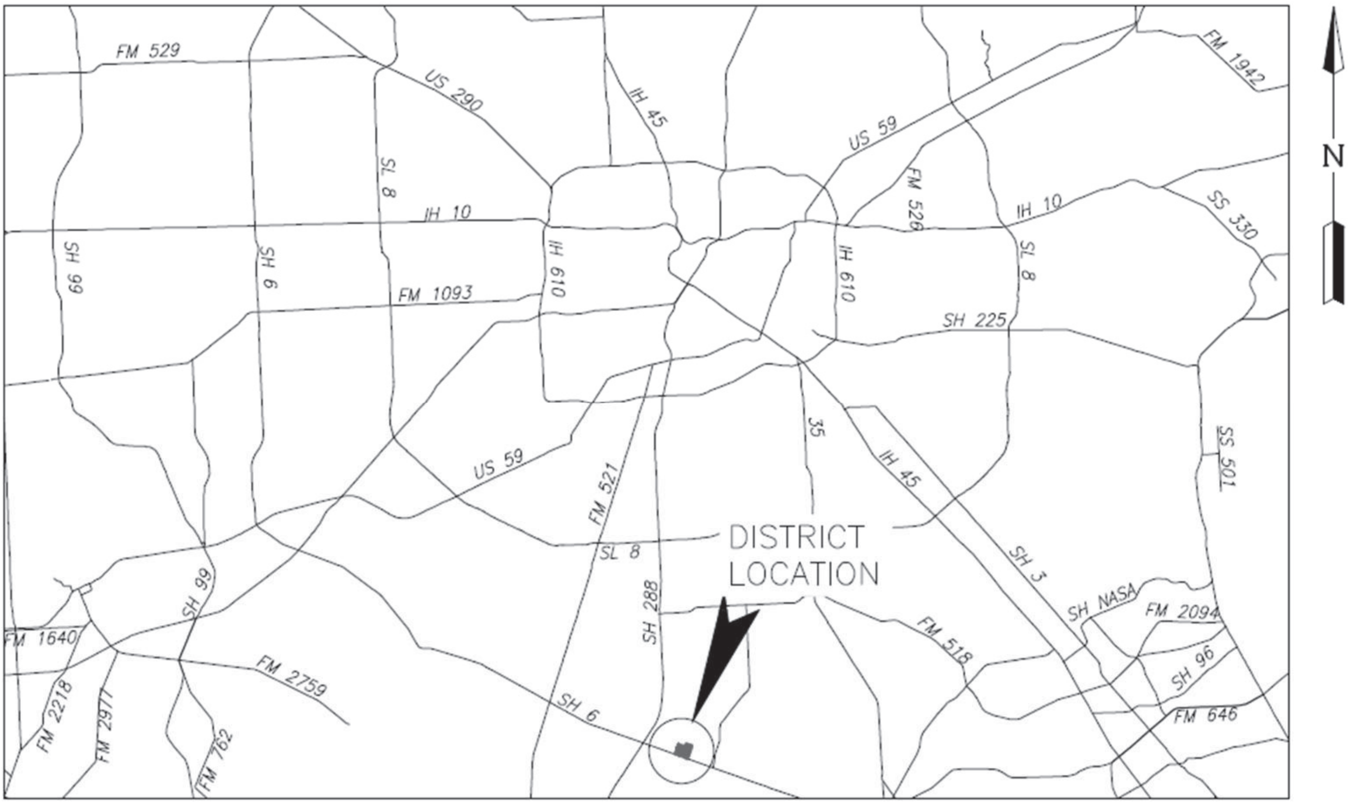
President, Board of Directors
Brazoria County Municipal Utility District No. 66

ATTEST:

Secretary, Board of Directors
Brazoria County Municipal Utility District No. 66

APPENDIX A

LOCATION MAP



APPENDIX B

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66

BRAZORIA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66

BRAZORIA COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

Mike M. McCall
(retired)
Debbie Gibson
(retired)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brazoria County Municipal Utility District No. 66
Brazoria County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 66 (the "District") as of and for the year ended June 30, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 10 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, resulting in restatement of the District's government-wide financial statements as of and for the fiscal year ended June 30, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Houston | Austin | Dallas
13100 Wortham Center Drive, Suite 235, Houston, Texas 77065-5610 713-462-0341

Board of Directors
Brazoria County Municipal Utility District No. 66

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Brazoria County Municipal Utility District No. 66

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

September 17, 2025

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Management's discussion and analysis of Brazoria County Municipal Utility District No. 66's (the "District") financial performance provides an overview of the District's financial activities for the year ended June 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance tax revenues, contract revenues and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $4,401,215 as of June 30, 2025.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	$ 1,779,219	$ 1,562,445	$ 216,774
Capital Assets (Net of Accumulated Depreciation)	9,932,810	10,162,090	(229,280)
Total Assets	$ 11,712,029	$ 11,724,535	$ (12,506)
Due to Developers	$ 3,460,120	$ 3,460,120	$
Bonds Payable	12,461,836	12,655,360	193,524
Other Liabilities	191,288	175,093	(16,195)
Total Liabilities	$ 16,113,244	$ 16,290,573	$ 177,329
Net Position:			
Net Investment in Capital Assets	$ (5,827,107)	$ (5,798,621)	$ (28,486)
Restricted	1,032,703	904,166	128,537
Unrestricted	393,189	328,417	64,772
Total Net Position	$ (4,401,215)	$ (4,566,038) *	$ 164,823

*As Adjusted, see Note 10

The following table provides a summary of the District's operations for the years ended June 30, 2025, and June 30, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,118,059	$ 1,061,063	$ 56,996
Other Revenues	65,752	69,057	(3,305)
Total Revenues	$ 1,183,811	$ 1,130,120	$ 53,691
Expenses for Services	1,018,988	2,229,863	1,210,875
Change in Net Position	$ 164,823	$ (1,099,743)	$ 1,264,566
Net Position, Beginning of Year	(4,566,038)	(3,466,295)	(1,099,743)
Net Position, End of Year	$ (4,401,215)	$ (4,566,038) *	$ 164,823

*As Adjusted, see Note 10

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2025, were $1,733,053, an increase of $196,325 from the prior year.

The General Fund fund balance increased by $63,645, primarily due to property tax revenues exceeding operating expenditures.

The Debt Service Fund fund balance increased by $125,410, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance increased by $7,270, due to interest revenues earned in the current fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year. Actual revenues were $26,546 more than budgeted revenues, actual expenditures were $25,251 more than budgeted expenditures, which resulted in a positive budget variance of $1,295. For more information, refer to the budget versus actual comparison.

CAPITAL ASSETS

Capital assets as of June 30, 2025, totaled $9,932,810 (net of accumulated depreciation) and included land, water, sanitary sewer, storm drainage, detention, and landscape improvements. Additional information on the District's capital assets can be found in Note 6.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land for Detention Facilities	$ 1,140,198	$ 1,140,198	$
Capital Assets, Net of Accumulated Depreciation:			
Water System	1,865,628	1,913,170	(47,542)
Sanitary Sewer	1,721,565	1,766,673	(45,108)
Storm Drainage	2,923,859	3,000,364	(76,505)
Detention Facilities	1,965,168	2,017,116	(51,948)
Landscape Improvements	316,392	324,569	(8,177)
Total Net Capital Assets	$ 9,932,810	$ 10,162,090 *	$ (229,280)

*As Adjusted, see Note 10

LONG-TERM DEBT ACTIVITY

At year-end, the District had total bond debt payable of $12,385,000. The changes in the debt position of the District during the fiscal year ended June 30, 2025, are summarized as follows:

Bond Debt Payable, July 1, 2024	$ 12,575,000
Less: Bond Principal Paid	190,000
Bond Debt Payable, June 30, 2025	$ 12,385,000

The District's Series 2020 bonds do not have an underlying or an insured rating. The Series 2022 bonds do not have an underlying rating but carry an insured rating of "AA" from S&P Global Ratings based on insurance issued by Assured Guaranty. The Series 2023 bonds carry an underlying rating of "Baa3" by Moody's Investors and an insured rating of "AA" from S&P Global Ratings based on insurance issued by Assured Guaranty. The above ratings reflect changes, if any, through June 30, 2025.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Brazoria County Municipal Utility District No. 66, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 12,618	$ 89,527
Investments	399,347	1,096,790
Receivables:		
Property Taxes	3,090	6,631
Due from Other Funds	5,240	
Prepaid Costs	3,277	
Due from Others	5,900	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 429,472	$ 1,192,948
LIABILITIES		
Accounts Payable	$ 36,283	$ 163
Accrued Interest Payable		
Due to Other Funds		5,240
Due to Developers		
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 36,283	$ 5,403
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 3,089	$ 6,631
FUND BALANCES		
Nonspendable -		
Prepaid Costs	$ 3,277	$
Restricted for:		
Authorized Construction		
Debt Service		1,180,914
Unassigned	386,823	
TOTAL FUND BALANCES	$ 390,100	$ 1,180,914
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 429,472	$ 1,192,948
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 4,201	$ 106,346	$	$ 106,346
157,838	1,653,975		1,653,975
	9,721		9,721
	5,240	(5,240)	
	3,277		3,277
	5,900		5,900
		1,140,198	1,140,198
		8,792,612	8,792,612
$ 162,039	$ 1,784,459	$ 9,927,570	$ 11,712,029
$	$ 36,446	$	$ 36,446
		154,842	154,842
	5,240	(5,240)	
		3,460,120	3,460,120
		310,000	310,000
		12,151,836	12,151,836
$ -0-	$ 41,686	$ 16,071,558	$ 16,113,244
$ -0-	$ 9,720	$ (9,720)	$ -0-
$	$ 3,277	$ (3,277)	$
162,039	162,039	(162,039)	
	1,180,914	(1,180,914)	
	386,823	(386,823)	
$ 162,039	$ 1,733,053	$ (1,733,053)	$ -0-
$ 162,039	$ 1,784,459		
		$ (5,827,107)	$ (5,827,107)
		1,032,703	1,032,703
		393,189	393,189
		$ (4,401,215)	$ (4,401,215)

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds		$ 1,733,053
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Land and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		9,932,810
Deferred tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		9,720
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (3,460,120)	
Accrued Interest Payable	(154,842)	
Bonds Payable	(12,461,836)	(16,076,798)
Total Net Position - Governmental Activities		$ (4,401,215)

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 348,712	$ 766,993
Penalty and Interest		4,217
Investment and Miscellaneous Revenues	15,334	38,931
TOTAL REVENUES	$ 364,046	$ 810,141
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 117,891	$ 1,709
Contracted Services	22,875	20,758
Repairs and Maintenance	60,025	
Depreciation		
Other	39,610	4,889
Debt Service:		
Bond Principal		190,000
Bond Interest		467,375
Bond Issuance Costs	60,000	
TOTAL EXPENDITURES/EXPENSES	$ 300,401	$ 684,731
NET CHANGE IN FUND BALANCES	$ 63,645	$ 125,410
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - July 1, 2024, AS REPORTED	326,455	1,055,504
CHANGE DUE TO NEW ACCOUNTING GUIDANCE		
July 1, 2024, AS RESTATED	$ 326,455	$ 1,055,504
FUND BALANCES/NET POSITION - JUNE 30, 2025	$ 390,100	$ 1,180,914

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,115,705	$ 2,354	$ 1,118,059
	4,217		4,217
7,270	61,535		61,535
$ 7,270	$ 1,181,457	$ 2,354	$ 1,183,811
$	$ 119,600	$	$ 119,600
	43,633		43,633
	60,025		60,025
		229,280	229,280
	44,499		44,499
	190,000	(190,000)	
	467,375	(5,424)	461,951
	60,000		60,000
$ -0-	$ 985,132	$ 33,856	$ 1,018,988
$ 7,270	$ 196,325	$ (196,325)	$
		164,823	164,823
154,769	1,536,728	(7,561,734)	(6,025,006)
		1,458,968	1,458,968
$ 154,769	$ 1,536,728	$ (6,102,766)	$ (4,566,038)
$ 162,039	$ 1,733,053	$ (6,134,268)	$ (4,401,215)

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

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds	$	196,325
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		2,354
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(229,280)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, the payments are reported as decreases in long-term liabilities.		190,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		5,424
Change in Net Position - Governmental Activities	$	164,823

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

NOTE 1. CREATION OF DISTRICT

Brazoria County Municipal Utility District No. 66 of Brazoria County, Texas (the "District") was created effective July 28, 2017, by an Order of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to construct, purchase, operate and maintain all facilities, plants, and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, and to construct certain parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on August 8, 2017, and the first bonds closed on June 18, 2020.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- Net Investment in Capital Assets – This component of net position consists of capital and intangible assets, including restricted capital assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense in the government-wide Statement of Activities.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

General Fund – To account for resources not required to be accounted for in another fund, maintenance tax revenues, contract revenues and general expenditures.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2025, the Debt Service Fund owed the General Fund $5,240 for maintenance tax collections and arbitrage paid on behalf of the Debt Service Fund.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their estimated acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $15,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water Facilities	45
Sanitary Sewer Facilities	45
Storm Drainage Facilities	45
Detention Facilities	45
Landscape Improvements	45

Under the Utility Agreement, the District conveys completed utility infrastructure to the City for ownership and maintenance in return for the City's commitment to use such utilities to provide service to residents of the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on the facilities in accordance with GASB Statement No. 94. See Note 8 for additional information.

The District retains ownership of and maintenance obligations for the detention facilities that serve the District and certain recreational facilities.

Budgeting

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2025:

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	$ 12,575,000	$ -0-	$ 190,000	$ 12,385,000
Unamortized Discounts	(91,519)		(3,793)	(87,726)
Unamortized Premiums	171,879		7,317	164,562
Bonds Payable, Net	$ 12,655,360	$ -0-	$ 193,524	$ 12,461,836

Amount Due Within One Year	$ 310,000
Amount Due After One Year	12,151,836
Bonds Payable, Net	$ 12,461,836

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020	Series 2022	Series 2023
Amount Outstanding – June 30, 2025	$3,245,000	$3,755,000	$5,385,000
Interest Rates	3.00% - 3.875%	3.00% - 4.00%	4.00% - 6.50%
Maturity Date	September 1, 2025/2045	September 1, 2025/2047	September 1, 2025/2048
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2027*	September 1, 2028*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2020 term bonds maturing on September 1, 2033, September 1, 2036, September 1, 2038, September 1, 2040, September 1, 2042 and September 1, 2045, are subject to mandatory redemption by random selection beginning September 1, 2031, September 1, 2034, September 1, 2037, September 1, 2039, September 1, 2041 and September 1, 2043, respectively. Series 2022 term bonds maturing on September 1, 2030, September 1, 2033, September 1, 2036, September 1, 2039, September 1, 2042, September 1, 2044 and September 1, 2047, are subject to mandatory redemption by random selection beginning September 1, 2028, September 1, 2031, September 1, 2034, September 1, 2037, September 1, 2040, September 1, 2043 and September 1, 2045, respectively.

As of June 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	310,000	457,864	767,864
2027	330,000	444,062	774,062
2028	345,000	429,476	774,476
2029	355,000	414,338	769,338
2030	375,000	398,489	773,489
2031-2035	2,165,000	1,757,522	3,922,522
2036-2040	2,730,000	1,320,712	4,050,712
2041-2045	3,425,000	769,801	4,194,801
2046-2049	2,350,000	158,060	2,508,060
	$ 12,385,000	$ 6,150,324	$ 18,535,324

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

As of June 30, 2025, the District had authorized but unissued bonds for the purposes of acquiring or constructing utility facilities and refunding bonds for such purposes in the amount of $1,930,000, $2,110,000 for road construction and refunding bonds for such purposes, and $1,165,000 for recreational facilities and refunding purposes.

NOTE 3. LONG-TERM DEBT (Continued)

During the fiscal year ended June 30, 2025, the District levied an ad valorem debt service tax at the rate of $0.58 per $100 of assessed valuation, which resulted in a tax levy of $766,115 on the adjusted taxable valuation of $132,088,822 for the 2024 tax year. 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 and the cost of assessing and collecting taxes. See Note 7 for maintenance tax.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

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

The bond resolutions state that the District is required to provide continuing disclosure of certain general financial information and operating data, as well as notice of certain material events as defined by federal securities laws, with respect to the District to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

<u>Deposits</u>

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of collateral eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such collateral is pledged. At fiscal year end, the carrying amount of the District’s deposits was $106,346 and the bank balance was $106,961. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2025, as listed below:

	Cash
GENERAL FUND	$ 12,618
DEBT SERVICE FUND	89,527
CAPITAL PROJECTS FUND	4,201
TOTAL DEPOSITS	$ 106,346

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J.P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc. provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level 1 investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexSTAR	$ 399,347	$ 399,347
DEBT SERVICE FUND		
TexSTAR	1,096,790	1,096,790
CAPITAL PROJECTS FUND		
TexSTAR	157,838	157,838
TOTAL INVESTMENTS	$ 1,653,975	$ 1,653,975

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2025, the District's investments in TexSTAR were rated "AAAm" by Standard and Poor's.

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

Restrictions - All cash and investments of the Debt Service Fund are restricted for payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

	July 1, 2024	Increases	Decreases	June 30, 2025
Capital Assets Not Being Depreciated				
Land for Detention Facilities	$ 1,140,198	$ -0-	$ -0-	$ 1,140,198
Total Capital Assets Not Being Depreciated	$ 1,140,198	$ -0-	$ -0-	$ 1,140,198
Capital Assets Subject to Depreciation				
Water System	$ 2,139,390	$	$	$ 2,139,390
Sanitary Sewer	2,029,842			2,029,842
Storm Drainage	3,442,742			3,442,742
Detention Facilities	2,337,679			2,337,679
Landscape Improvements	367,968			367,968
Total Capital Assets Subject to Depreciation	$ 10,317,621	$ - 0 -	$ -0-	$ 10,317,621
Accumulated Depreciation				
Water System	$ 226,220	$ 47,542	$	$ 273,762
Sanitary Sewer	263,169	45,108		308,277
Storm Drainage	442,378	76,505		518,883
Detention Facilities	320,563	51,948		372,511
Landscape Improvements	43,399	8,177		51,576
Total Accumulated Depreciation	$ 1,295,729	$ 229,280	$ -0-	$ 1,525,009
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 9,021,892	$ (229,280)	$ -0-	$ 8,792,612
Total Capital Assets, Net of Accumulated Depreciation	$ 10,162,090	$ (229,280)	$ -0-	$ 9,932,810

In accordance with the Utility Agreement (see Note 8), water and wastewater facilities have been conveyed to the City of Manvel for operations and maintenance. In exchange for the conveyance of these assets, the City of Manvel agrees to provide water and wastewater services to the residents of the District. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on the facilities in accordance with GASB Statement No. 94.

NOTE 7. MAINTENANCE TAX

On November 7, 2017, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District. During the year ended June 30, 2025, the District levied an ad valorem maintenance tax rate of $0.265 per $100 of assessed valuation, which resulted in a tax levy of $350,035 on the adjusted taxable valuation of $132,088,822 for the 2024 tax year.

NOTE 7. MAINTENANCE TAX (Continued)

On November 7, 2017, the voters of the District approved the levy and collection of a road maintenance tax not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of maintaining the District's roads. To date, no road maintenance tax has been levied.

NOTE 8. UTILITY AGREEMENT

The District is located wholly within the corporate limits of the City of Manvel (the "City") and obtains water, sewer and drainage service from the City. The City and Parrish Holdings GP, LLC, on behalf of the District, entered into a Development and Utility Agreement dated May 9, 2011 (the "Original Agreement"), and amended on March 13, 2017, (the "Amended Agreement" collectively the "Agreements"), to provide a water distribution system, sanitary sewer collection system and drainage system.

The Agreements contemplate that the District will issue bonds from time to time, when economically feasible and allowed by law and appreciable regulations, to finance the facilities. Upon completion of the construction of the utilities, the utilities will be conveyed to the City. Upon conveyance of the facilities to the City, the City will assume responsibility for the operation and maintenance of the facilities. The City has agreed, pursuant to the Agreements, to own and operate the System (other than detention facilities which are owned and operated by the District) at its expense. Under the Agreements, the City has agreed to charge customers of the system the same rates charged other similar users within the City.

The District and City acknowledge that the City has the legal authority to dissolve the District should the appropriate circumstances exist. The City agrees that the District will not be abolished until such time as the District is fully developed and has sold all bonds necessary to finance the costs of the facilities and has reimbursed developers and landowners within the District in accordance with the financing and reimbursement agreements previously entered into by the District. The term of the Agreement is limited to either the dissolution of the District by the City or the expiration of 25 years from the effective date of the Agreement.

NOTE 9. DEVELOPMENT AGREEMENT AND UNREIMBURSED COSTS

The Financing and Reimbursement Agreement for water, sewer, drainage, road and recreational facilities (the "Development Agreement") was executed the 18th day of October 2017, between the District and Beazer Homes of Texas, L.P. (the "Developer"). The term of the Development Agreement is 40 years from its effective date.

The Development Agreement states that the Owner, or District as appropriate, will pay for the construction of all water, wastewater, drainage, roadway, and other infrastructure necessary to serve development within the District. Upon completion of said infrastructure, the water, wastewater, drainage and certain recreational facilities will be conveyed to the City for ownership and maintenance, while ownership of and maintenance for the drainage facilities will remain with the District (or be conveyed to the District where appropriate).

In accordance with the Development Agreement, the Developer has funded and will fund costs associated with water, wastewater and drainage facilities as well as connection charges until such time as the District can sell bonds to reimburse the Developer. The District has recorded a liability of $3,460,120 for completed facilities funded by the Developer. The facilities included in this amount are detention facilities for which the District retains ownership as well as water and wastewater facilities that are conveyed to the City for the right to receive service.

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

	July 1, 2024	Additions	Reimbursements	June 30, 2025
Due to Developer	$ 3,460,120	$ -0-	$ -0-	$ 3,460,120

NOTE 10. CHANGE IN ACCOUNTING PRINCIPLE

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which the District was required to implement in the current fiscal year, certain assets conveyed to the City in prior years are now required to be classified as capital assets of the District. These assets will be depreciated over the estimated useful lives of the assets. The impact of this change in accounting principle resulted in an increase to prior period net position of $1,458,968.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

BRAZORIA COUNTY` MUNICIPAL UTILITY DISTRICT NO. 66
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 330,000	$ 348,712	$ 18,712
Investment and Miscellaneous Revenues	7,500	15,334	7,834
TOTAL REVENUES	$ 337,500	$ 364,046	$ 26,546
EXPENDITURES			
Service Operations:			
Professional Fees	$ 141,250	$ 117,891	$ 23,359
Contracted Services	22,200	22,875	(675)
Repairs and Maintenance	85,000	60,025	24,975
Other	26,700	99,610	(72,910)
TOTAL EXPENDITURES	$ 275,150	$ 300,401	$ (25,251)
NET CHANGE IN FUND BALANCE	$ 62,350	$ 63,645	$ 1,295
FUND BALANCE - JULY 1, 2024	326,455	326,455	
FUND BALANCE - JUNE 30, 2025	$ 388,805	$ 390,100	$ 1,295

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2025

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

N/A	Retail Water	N/A	Wholesale Water	X	Drainage
N/A	Retail Wastewater	N/A	Wholesale Wastewater	N/A	Irrigation
X	Parks/Recreation	N/A	Fire Protection	N/A	Security
N/A	Solid Waste/Garbage	N/A	Flood Control	N/A	Roads
N/A	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
X	Other (specify): Storm Water Detention				

Pursuant to the Agreements between the District and the City of Manvel (the "City"), water, wastewater and drainage facilities (except storm water detention ponds) constructed by the District have been conveyed to the City. The City maintains the facilities and operates the facilities for the benefit of the residents of the District. Therefore, the District will not be responsible for operation of the utilities within its boundaries. The District is responsible for maintaining the drainage and detention aspects of its detention ponds.

2. RETAIL SERVICE PROVIDERS: NOT APPLICABLE

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: NOT APPLICABLE

4. STANDBY FEES: NOT APPLICABLE

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No _____

County in which District is located:

Brazoria County, Texas

Is the District located within a city?

Entirely __X__ Partly ______ Not at all _____

See accompanying independent auditor's report.

5. LOCATION OF DISTRICT: (Continued)

City in which the District is Located:

City of Manvel, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

PROFESSIONAL FEES:		
Auditing	$	15,250
Engineering		31,324
Legal		71,317
TOTAL PROFESSIONAL FEES	$	117,891
CONTRACTED SERVICES:		
Bookkeeping	$	22,875
REPAIRS AND MAINTENANCE	$	60,025
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	18,963
Insurance		5,454
Office Supplies and Postage		2,055
Travel and Meetings		12,388
Other		750
TOTAL ADMINISTRATIVE EXPENDITURES	$	39,610
BOND ISSUANCE COSTS	$	60,000
TOTAL EXPENDITURES	$	300,401

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
INVESTMENTS
JUNE 30, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexSTAR	XXXX2220	Varies	Daily	$ 399,347	$ -0-
DEBT SERVICE FUND					
TexSTAR	XXXX3330	Varies	Daily	$ 1,096,790	$ -0-
CAPITAL PROJECTS FUND					
TexSTAR	XXXX0300	Varies	Daily	$ 157,838	$ -0-
TOTAL - ALL FUNDS				$ 1,653,975	$ -0-

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JULY 1, 2024	$ 1,962		$ 5,404	
Adjustments to Beginning Balance	(195)	$ 1,767	2,105	$ 7,509
Original 2024 Tax Levy	$ 332,925		$ 728,666	
Adjustment to 2024 Tax Levy	17,110	350,035	37,449	766,115
TOTAL TO BE ACCOUNTED FOR		$ 351,802		$ 773,624
TAX COLLECTIONS:				
Prior Years	$ 1,245		$ 6,499	
Current Year	347,467	348,712	760,494	766,993
TAXES RECEIVABLE - JUNE 30, 2025		$ 3,090		$ 6,631
TAXES RECEIVABLE BY YEAR:				
2024		$ 2,568		$ 5,621
2021		522		1,010
TOTAL		$ 3,090		$ 6,631

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 29,135,790	$ 29,332,330	$ 19,217,250	$ 14,865,590
Improvements	111,830,062	108,793,422	79,958,339	49,241,680
Personal Property	1,271,670	1,099,790	398,290	312,330
Exemptions	(10,148,700)	(13,603,181)	(5,571,475)	(1,600,778)
TOTAL PROPERTY VALUATIONS	$ 132,088,822	$ 125,622,361	$ 94,002,404	$ 62,818,822
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.580	$ 0.620	$ 0.65	$ 0.62
Maintenance	0.265	0.225	0.27	0.32
TOTAL TAX RATES PER $100 VALUATION	$ 0.845	$ 0.845	$ 0.92	$ 0.94
ADJUSTED TAX LEVY*	$ 1,116,150	$ 1,061,510	$ 864,822	$ 590,497
PERCENTAGE OF TAXES COLLECTED TO TAXES	99.27 %	100.00 %	100.00 %	99.74 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on November 7, 2017.

Road Maintenance Tax – Maximum tax rate of $0.25 per $100 of assessed valuation approved by voters on November 7, 2017.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2020		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$ 95,000	$ 111,013	$ 206,013
2027	100,000	108,087	208,087
2028	105,000	105,013	210,013
2029	105,000	101,862	206,862
2030	110,000	98,638	208,638
2031	120,000	95,187	215,187
2032	125,000	91,513	216,513
2033	130,000	87,687	217,687
2034	135,000	83,713	218,713
2035	140,000	79,237	219,237
2036	150,000	74,163	224,163
2037	155,000	68,825	223,825
2038	165,000	63,225	228,225
2039	170,000	57,362	227,362
2040	180,000	51,125	231,125
2041	185,000	44,509	229,509
2042	195,000	37,500	232,500
2043	205,000	30,000	235,000
2044	215,000	21,991	236,991
2045	225,000	13,466	238,466
2046	235,000	4,553	239,553
2047			
2048			
2049			
	$ 3,245,000	$ 1,428,669	$ 4,673,669

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2022		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$ 100,000	$ 116,082	$ 216,082
2027	105,000	113,006	218,006
2028	110,000	109,782	219,782
2029	115,000	106,406	221,406
2030	120,000	102,881	222,881
2031	125,000	99,206	224,206
2032	130,000	94,731	224,731
2033	135,000	89,431	224,431
2034	140,000	83,931	223,931
2035	145,000	78,956	223,956
2036	150,000	74,532	224,532
2037	160,000	69,882	229,882
2038	165,000	65,006	230,006
2039	170,000	59,981	229,981
2040	180,000	54,731	234,731
2041	185,000	49,256	234,256
2042	190,000	43,631	233,631
2043	200,000	37,781	237,781
2044	210,000	31,631	241,631
2045	215,000	25,256	240,256
2046	225,000	18,515	243,515
2047	235,000	11,328	246,328
2048	245,000	3,828	248,828
2049			
	$ 3,755,000	$ 1,539,770	$ 5,294,770

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2023		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	$ 115,000	$ 230,769	$ 345,769
2027	125,000	222,969	347,969
2028	130,000	214,681	344,681
2029	135,000	206,070	341,070
2030	145,000	196,970	341,970
2031	150,000	188,506	338,506
2032	160,000	181,556	341,556
2033	170,000	174,956	344,956
2034	175,000	168,056	343,056
2035	185,000	160,856	345,856
2036	195,000	153,256	348,256
2037	205,000	145,256	350,256
2038	215,000	136,856	351,856
2039	230,000	127,956	357,956
2040	240,000	118,556	358,556
2041	250,000	108,756	358,756
2042	265,000	98,456	363,456
2043	280,000	87,556	367,556
2044	295,000	76,056	371,056
2045	310,000	63,956	373,956
2046	325,000	51,256	376,256
2047	345,000	37,641	382,641
2048	360,000	23,101	383,101
2049	380,000	7,838	387,838
	$ 5,385,000	$ 3,181,885	$ 8,566,885

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 310,000	$ 457,864	$ 767,864
2027	330,000	444,062	774,062
2028	345,000	429,476	774,476
2029	355,000	414,338	769,338
2030	375,000	398,489	773,489
2031	395,000	382,899	777,899
2032	415,000	367,800	782,800
2033	435,000	352,074	787,074
2034	450,000	335,700	785,700
2035	470,000	319,049	789,049
2036	495,000	301,951	796,951
2037	520,000	283,963	803,963
2038	545,000	265,087	810,087
2039	570,000	245,299	815,299
2040	600,000	224,412	824,412
2041	620,000	202,521	822,521
2042	650,000	179,587	829,587
2043	685,000	155,337	840,337
2044	720,000	129,678	849,678
2045	750,000	102,678	852,678
2046	785,000	74,324	859,324
2047	580,000	48,969	628,969
2048	605,000	26,929	631,929
2049	380,000	7,838	387,838
	$ 12,385,000	$ 6,150,324	$ 18,535,324

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Brazoria County Municipal Utility District No. 66 Unlimited Tax Bonds - Series 2020	$ 3,500,000	$ 3,335,000
Brazoria County Municipal Utility District No. 66 Unlimited Tax Bonds - Series 2022	3,855,000	3,855,000
Brazoria County Municipal Utility District No. 66 Unlimited Tax Bonds - Series 2023	5,385,000	5,385,000
TOTAL	$ 12,740,000	$ 12,575,000

Bond Authority:	Tax and Refunding Bonds	Road and Refunding Bonds	Recreational and Refunding Bonds
Amount Authorized by Voters	$ 14,670,000	$ 2,110,000	$ 1,165,000
Amount Issued	12,740,000		
Remaining to be Issued	$ 1,930,000	$ 2,110,000	$ 1,165,000

Debt Service Fund cash and investment balances as of June 30, 2025:	$ 1,186,317
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 772,305

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

See accompanying independent auditor's report.

Current Year Transactions			
Retirements		Bonds Outstanding	
Principal	Interest	June 30, 2025	Paying Agent
$ 90,000	$ 113,788	$ 3,245,000	The Bank of New York Mellon Trust Company, N.A. Dallas, Texas
100,000	119,081	3,755,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	234,506	5,385,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 190,000	$ 467,375	$ 12,385,000	

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 348,712	$ 281,047	$ 254,336
Penalty and Interest			
Investment and Miscellaneous Revenues	15,334	20,374	8,253
TOTAL REVENUES	$ 364,046	$ 301,421	$ 262,589
EXPENDITURES			
Professional Fees	$ 117,891	$ 155,848	$ 126,013
Contracted Services	22,875	22,262	22,250
Repairs and Maintenance	60,025	68,316	62,430
Other	99,610	27,005	53,725
TOTAL EXPENDITURES	$ 300,401	$ 273,431	$ 264,418
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 63,645	$ 27,990	$ (1,829)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ -0-	$ 54,368	$ -0-
NET CHANGE IN FUND BALANCE	$ 63,645	$ 82,358	$ (1,829)
BEGINNING FUND BALANCE	326,455	244,097	245,926
ENDING FUND BALANCE	$ 390,100	$ 326,455	$ 244,097

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 205,658	$ 371,303	95.8 %	93.2 %	96.9 %	99.8 %	98.8 %
	4,169					1.1
453	193	4.2	6.8	3.1	0.2	0.1
$ 206,111	$ 375,665	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 112,383	$ 105,315	32.4 %	51.7 %	48.0 %	54.5 %	28.0 %
17,706	21,166	6.3	7.4	8.5	8.6	5.6
62,896	66,651	16.5	22.7	23.8	30.5	17.7
40,312	22,033	27.4	9.0	20.5	19.6	5.9
$ 233,297	$ 215,165	82.6 %	90.8 %	100.8 %	113.2 %	57.2 %
$ (27,186)	$ 160,500	17.4 %	9.2 %	(0.8) %	(13.2) %	42.8 %
$ -0-	$ 12,440					
$ (27,186)	$ 172,940					
273,112	100,172					
$ 245,926	$ 273,112					

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 766,993	$ 773,498	$ 611,903
Penalty and Interest	4,217	1,373	2,295
Investment and Miscellaneous Revenues	38,931	36,495	17,181
TOTAL REVENUES	$ 810,141	$ 811,366	$ 631,379
EXPENDITURES			
Tax Collection Expenditures	$ 25,106	$ 18,404	$ 14,216
Debt Service Principal	190,000	85,000	80,000
Debt Service Interest and Fees	469,625	364,867	235,610
TOTAL EXPENDITURES	$ 684,731	$ 468,271	$ 329,826
NET CHANGE IN FUND BALANCE	$ 125,410	$ 343,095	$ 301,553
BEGINNING FUND BALANCE	1,055,504	712,409	410,856
ENDING FUND BALANCE	$ 1,180,914	$ 1,055,504	$ 712,409
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

See accompanying independent auditor's report.

2022	2021	2025	2024	2023	2022	2021
		Percentage of Total Revenues				
$ 388,136	$	94.7 %	95.3 %	96.9 %	99.1 %	%
2,928		0.5	0.2	0.4	0.7	
602	173	4.8	4.5	2.7	0.2	100.0
$ 391,666	$ 173	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 14,271	$ 155	3.1 %	2.3 %	2.3 %	3.6 %	89.6 %
		23.5	10.5	12.7		
120,837	85,895	58.0	45.0	37.3	30.9	49,650.3
$ 135,108	$ 86,050	84.6 %	57.8 %	52.3 %	34.5 %	49,739.90 %
$ 256,558	$ (85,877)	15.4 %	42.2 %	47.7 %	65.5 %	(49,639.9) %
154,298	240,175					
$ 410,856	$ 154,298					
N/A	N/A					
N/A	N/A					

See accompanying independent auditor’s report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

District Mailing Address - Brazoria County Municipal Utility District No. 66
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Current Board Members:	Term of Office (Elected or Appointed)	Fees of office for the year ended June 30, 2025	Expense reimbursements for the year ended June 30, 2025	Title
Steve Davison	05/2024 05/2028 (Elected)	$ 4,420	$ 3,007	President
Jorge Lozano	05/2022 05/2026 (Elected)	$ 2,431	$ 434	Vice President
Brett Briggs	05/2022 05/2026 (Elected)	$ 3,094	$ 2,439	Secretary
Felix Ortega, Jr.	05/2024 05/2028 (Elected)	$ 3,978	$ 1,081	Assistant Vice President
Carlos Cornejo	05/2022 05/2026 (Elected)	$ 3,536	$ 2,102	Assistant Secretary

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: May 15, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is the maximum amount allowed by law as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT NO. 66
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

Consultants:	Date Hired	Fees / Compensation for the year ended June 30, 2025	Title
Allen Boone Humphries Robinson LLP	08/08/17	$ 71,317	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	12/20/17	$ 15,250	Audit Related
Myrtle Cruz, Inc.	10/18/17	$ 23,811	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/19/18	$ 1,709	Delinquent Tax Attorney
LJA Engineering, Inc.	10/18/17	$ 31,324	Engineer
		$ 60,000	Bond Related
Rathmann & Associates, L.P.	10/18/17	$ -0-	Financial Advisor
Mary Jarmon c/o Myrtle Cruz, Inc.	10/18/17	$ -0-	Investment Officer
Assessments of the Southwest, Inc.	10/18/17	$ 9,729	Tax Assessor/ Collector

See accompanying independent auditor's report.

RATHMANN & ASSOCIATES

Financial Advisor to the District