This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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

THE BONDS WILL BE DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE—BOOK-ENTRY-ONLY
CUSIP No. 10607U

$7,000,000

BRAZORIA COUNTY MUNICIPAL UTILITY DISTRICT No. 32

(A political subdivision of the State of Texas, located in Brazoria County, Texas)

UNLIMITED TAX BONDS
SERIES 2026

Dated: November 1, 2026 **Due: April 1 (as shown below)**

Interest on $7,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds" or the "Series 2026 Bonds") will accrue from November 1, 2026, and will be payable on April 1 and October 1 of each year, commencing April 1, 2027. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("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 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 "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is BOKF, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar." The Bonds will mature in the amounts, on the dates, and will bear interest at the rates and be reoffered as set forth below.

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield (a)	Principal Amount	Maturity	Interest Rate	Yield (a)
$165,000	2029	%	%	$300,000	2041(b)	%	%
$175,000	2030	%	%	$320,000	2042(b)	%	%
$185,000	2031	%	%	$335,000	2043(b)	%	%
$195,000	2032(b)	%	%	$350,000	2044(b)	%	%
$205,000	2033(b)	%	%	$370,000	2045(b)	%	%
$215,000	2034(b)	%	%	$390,000	2046(b)	%	%
$225,000	2035(b)	%	%	$410,000	2047(b)	%	%
$235,000	2036(b)	%	%	$430,000	2048(b)	%	%
$245,000	2037(b)	%	%	$450,000	2049(b)	%	%
$260,000	2038(b)	%	%	$475,000	2050(b)	%	%
$275,000	2039(b)	%	%	$500,000	2051(b)	%	%
$290,000	2040(b)	%	%				

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed.

(b) The Bonds maturing on or after April 1, 2032, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2031, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

The proceeds of the Bonds will be used by Brazoria County Municipal Utility District No. 32 (the "District") to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain water, wastewater, and drainage facilities serving the District, developer interest, land acquisition costs, and associated engineering and testing costs; (2) fund $329,000 of capitalized interest on the Bonds; and (3) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds. See "USE OF BOND PROCEEDS."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Brazoria County, the City of Iowa Colony, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Brazoria County, or the City of Iowa Colony is pledged to the payment of the principal of, or interest on, the Bonds. **The Bonds are subject to certain RISK FACTORS described under the caption "RISK FACTORS."**

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about November 24, 2026.

Bids Due: Thursday, October 29, 2026 at 9:00 A.M. Houston Time

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT 1

SALE AND DISTRIBUTION OF THE BONDS 1

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12 2

NO MUNICIPAL BOND RATING 4

BOND INSURANCE 4

OFFICIAL STATEMENT SUMMARY 5

DEBT SERVICE REQUIREMENTS 9

INTRODUCTION 10

RISK FACTORS 10

USE OF BOND PROCEEDS 20

THE DISTRICT 21

THE DISTRICT'S DEVELOPER 25

THE SYSTEM 25

MANAGEMENT OF THE DISTRICT 28

DISTRICT INVESTMENT POLICY 28

DISTRICT DEBT 29

DISTRICT TAX DATA 30

TAXING PROCEDURES 32

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION 36

THE BONDS 37

BOOK-ENTRY-ONLY SYSTEM 40

LEGAL MATTERS 42

TAX MATTERS 43

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS 45

OFFICIAL STATEMENT 45

MISCELLANEOUS 46

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

SPECIMEN MUNICIPAL BOND INSURANCE POLICY ..... B

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, salesperson, 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 is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change 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.

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by _____ (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of _____% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its 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.

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 number 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. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after their initial sale by the District. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

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 PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE THAT MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the bonds may be greater than the difference between the bids 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.

Securities Laws

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

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

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

Annual Reports

The information to be updated with respect to the District includes the quantitative financial information and operating data of the District of the general type included in "DISTRICT DEBT," "DISTRICT TAX DATA," and "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District) of this Official Statement. 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 through its EMMA system.

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 the District 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, the District will 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 EMMA 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 determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provisions 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 updated 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 material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement although holders and 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 to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, if but only if, the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with the Rule, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid but, in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

NO MUNICIPAL BOND RATING

In connection with the sale of the Bonds, the District has not made an application for an underlying rating on the Bonds.

BOND INSURANCE

The District has applied to Assured Guaranty Inc. ("AG") and Build America Mutual Assurance Company ("BAM") for qualification of the Bonds for bond insurance. Potential Underwriters may bid for the Bonds with or without bond insurance. If the Underwriter bids the Bonds with bond insurance, the cost of the bond insurance premium must be paid for by the Underwriter. If the Underwriter purchases the Bonds with bond insurance and, subsequent to the sale date and prior to the closing date the bond insurer's credit rating is down-graded then the Underwriter is still obligated to accept delivery of the Bonds. Information relative to the cost of the insurance premium will be available from the bond insurance company on the day of the sale.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: Brazoria County Municipal Utility District No. 32 (the "District") $7,000,000 Unlimited Tax Bonds, Series 2026 (the "Bonds" or the "Series 2026 Bonds"), are dated November 1, 2026. The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including but not limited to Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, an order of the TCEQ, and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") of the Board of Directors of the District. The Bonds represent the eighth series of bonds to be issued by the District. The Bonds will mature on April 1 in the year and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds will accrue from November 1, 2026 and is payable on April 1 and October 1 thereafter until maturity, commencing April 1, 2027. See "THE BONDS."

Source of Payment: The Bonds are payable from a continuing direct annual ad valorem tax levied against all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Brazoria County, the City of Iowa Colony, or any other political subdivision or agency. See "THE BONDS – Source of and Security for Payment."

Redemption Provisions: The Bonds maturing on or after April 1, 2032, are subject to early redemption, in whole or from time to time in part, on April 1, 2031, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption."

Book-Entry-Only System: The 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 "BOOK-ENTRY-ONLY SYSTEM."

Use of Proceeds: Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain water, wastewater, and drainage facilities serving the District, developer interest, land acquisition costs, and associated engineering and testing costs; (2) fund $329,000 of capitalized interest on the Bonds; and (3) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds. See "USE OF BOND PROCEEDS."

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

Paying Agent/Registrar: BOKF, NA, Dallas, Texas.

Payment Record: The District has never defaulted in the payment of principal or interest on any bonds or outstanding obligations.

Risk Factors: The Bonds are subject to certain RISK FACTORS as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and "LEGAL MATTERS."

Qualified Tax Exempt Obligations: The Bonds will be designated "qualified tax-exempt obligations" for financial institutions.

No Municipal Bond Rating: No application has been made to a rating company for a rating on the Bonds. See "NO MUNICIPAL BOND RATING."

Municipal Bond Insurance: The District has applied to Assured Guaranty Inc. ("AG") and Build America Mutual Assurance Company ("BAM") for qualification of the Bonds for bond insurance. Potential Underwriters may bid for the Bonds with or without bond insurance. If the Underwriter bids the Bonds with bond insurance, the cost of the bond insurance premium must be paid for by the Underwriter. If the Underwriter purchases the Bonds with bond insurance and, subsequent to the sale date and prior to the closing date the bond insurer's credit rating is down-graded then the Underwriter is still obligated to accept delivery of the Bonds. Information relative to the cost of the insurance premium will be available from the bond insurance company on the day of the sale. See "BOND INSURANCE."

THE DISTRICT

Description: The District is a municipal utility district created by order of the Texas Commission on Environmental Quality ("TCEQ") dated October 17, 2007. The District was created pursuant to the authority of Article XVI, Section 59 and Article III, Section 52, of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District was created with certain road and park powers. See "THE DISTRICT."

The District contains approximately 591 acres of land. The District is located entirely within Brazoria County, Texas, and entirely within the extraterritorial jurisdiction of the City of Iowa Colony, Texas. The District is located entirely within the Alvin Independent School District. The District is located approximately 20 miles south of the Central Business District of the City of Houston. The District consists of 4 non-contiguous tracts of land. The District is generally bounded on the north by County Road No. 56 and to the east by State Highway 288. According to the District's Engineer, none of the developed land within the District would be subject to flooding during a hypothetical 100-year flood event. See "THE DISTRICT."

Status of Land Development: A summary of the approximate land use in the District appears in the following table as of September 1, 2026:

Type of Land Use	Approximate Acres	
Developed Acres	276	(a)
Remaining Developable Acreage	238	(b)
Undevelopable Acreage	77	(c)
Total Approximate Acres	**591**	

(a) Represents the developable acres located in Sierra Vista Subdivision, Sections 1, 2, 4a, 4b, 5, 6, 7, 8, 10, Canterra Creek, Section 7, Canterra Creek, Section 8, and Sterling Lakes, Section 13. Additionally, includes approximately 35 acres of developed commercial reserves.

(b) Represents acres that will most likely be developed for mixed use commercial and single-family residential development uses in the future.

(c) Includes street rights-of-way, detention ponds, drainage easements, parks and recreation, open spaces, District plant sites, pipeline easements and drilling sites.

Homebuilding Development: As of September 1, 2026, the residential development in the District included 961 completed homes (approximately 949 of which are occupied), 23 homes under construction, and 180 vacant developed lots. Homes have been constructed by HistoryMaker Homes, Meritage Homes, Adams Homes, Century Communities, Westin Homes, Gehan Homes, Censeo Homes, Colina Homes, CastleRock Communities, Brohn Homes, Lennar Homes and D.R. Horton; and are being marketed in the $240,000 - $333,000 price range.

The Developer: The Developer in the District is Land Tejas Sterling Lakes South, LLC (the "Original Developer"), a special purpose entity created by Land Tejas Companies, Ltd. solely for the purpose of developing land located within the District. The General Partner and sole member of the Original Developer was Mr. Al P. Brende who was also the President of Land Tejas Companies, Ltd.

In December 2021, the Original Developer sold a portion of its interests to Astro Sierra Vista LP, a Delaware limited partnership created by Mr. Al P. Brende/the Land Tejas Companies and Starwood Land Astro Venture LP. Starwood Land Astro Venture LP is a special purpose entity established solely for the purpose of developing land and marketing developed land within the District. Starwood Land Astro Venture LP has entered into a management agreement with the Land Tejas Companies for the purpose of managing the day to day development activities within the District. The Original Developer has assigned its developer financing agreement with the District to Astro Sierra Vista LP. The Original Developer and Astro Sierra Vista LP are collectively referred to herein as the "Developer".

The System: The System currently obtains all of its water from the City of Iowa Colony (the "City"). The District will be responsible for the acquisition and construction of any additional water supply and wastewater treatment facilities necessary to serve the ultimate buildout of the District in full, which facilities will be conveyed to the City upon completion for ownership and operation. The District currently has adequate water supply capacity and wastewater treatment plant capacity to serve the residential buildout of the District. However, the District may have to add additional water supply and wastewater treatment capacity to serve the commercial buildout of the District depending upon the density of future commercial development in the District. See "THE SYSTEM."

100-Year Flood Plain: The District currently has approximately 78 acres within the 100-year floodplain as determined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Map Numbers 48039C0105H, 48039C0110H, 48039C0115H, and 48039C0120H dated June 15, 1989, Brazoria County, Texas, and Incorporated Areas, dated June 9, 2014. See "THE SYSTEM."

SELECTED FINANCIAL INFORMATION
(Unaudited)

4/1/2026 Estimated Taxable Value	$399,211,009	(a)
2026 Certified Taxable Value	$356,587,433	(b)
Direct Debt (As of October 1, 2026)		
Outstanding Bonds	$43,100,000	
The Bonds	$7,000,000	
Total Direct Debt	$50,100,000	
Estimated Overlapping Debt	$34,497,529	
Direct and Estimated Overlapping Debt	$84,597,529	
Percentage of Direct Debt to:		
4/1/2026 Estimated Taxable Value	12.55%	
2026 Certified Taxable Value	14.05%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
4/1/2026 Estimated Taxable Value	21.19%	
2026 Certified Taxable Value	23.72%	
See "DISTRICT DEBT"		
2026 Tax Rate Per $100 of Assessed Value		
Debt Service Tax	$0.56	
Road Debt Service Tax	$0.17	
Maintenance Tax	$0.62	
Total 2026 Tax Rate	$1.35	(c)
Cash and Temporary Investment Balances as of September 11, 2026		
General Fund	$4,252,871	
Debt Service Fund (Pro-Forma)	$560,000	(d)
Road Debt Service Fund	$310,000	(e)

(a) Reflects data supplied by Brazoria Central Appraisal District ("BCAD"). The Estimated Taxable Value as of 4/1/2026 was prepared by BCAD and provided to the District. Such values are not binding on BCAD and are provided for informational purposes only. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA."

(b) Reflects the 1/1/2026 Taxable Value according to data supplied by BCAD. The figure above reflects the taxable value of property that is fully certified ($341,701,297) plus approximately 90% of BCAD's estimate of the taxable value of property in the process of being certified ($14,886,136). See "DISTRICT TAX DATA."

(c) The District has published the $1.35 total tax rate and will conduct a public hearing regarding that rate in October 2026. The figures above reflect the District's best estimate of the breakdown of the $1.35 total tax rate.

(d) The cash and investment balance in the Debt Service Fund represents $329,000 of capitalized interest to be funded with the proceeds of the Bonds to be deposited into such fund on the date of delivery of the Bonds. Neither Texas law nor the District's Bond Resolution requires that the District maintain any particular balance in the Debt Service Fund. The figure above also reflects a negative adjustment for the October 1, 2026 debt service payment. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

(e) Neither Texas law nor the District's Bond Resolution requires that the District maintain any particular balance in the Road Debt Service Fund. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the District's Outstanding Bonds plus the estimated debt service requirements on the Bonds.

Year	Outstanding Debt Service Requirements	Debt Service Requirements on the 2026 Bonds		Total Debt Service Requirements*
		Principal	Interest*	
2027	$2,319,230	-	$320,833	$2,640,063
2028	$2,627,292	-	$350,000	$2,977,292
2029	$2,620,181	$165,000	$345,875	$3,131,056
2030	$2,612,942	$175,000	$337,375	$3,125,317
2031	$2,614,780	$185,000	$328,375	$3,128,155
2032	$2,579,518	$195,000	$318,875	$3,093,393
2033	$2,593,768	$205,000	$308,875	$3,107,643
2034	$2,608,368	$215,000	$298,375	$3,121,743
2035	$2,627,468	$225,000	$287,375	$3,139,843
2036	$2,609,849	$235,000	$275,875	$3,120,724
2037	$2,654,952	$245,000	$263,875	$3,163,827
2038	$2,666,837	$260,000	$251,250	$3,178,087
2039	$2,675,780	$275,000	$237,875	$3,188,655
2040	$2,710,871	$290,000	$223,750	$3,224,621
2041	$2,722,224	$300,000	$209,000	$3,231,224
2042	$2,730,564	$320,000	$193,500	$3,244,064
2043	$2,760,342	$335,000	$177,125	$3,272,467
2044	$2,761,955	$350,000	$160,000	$3,271,955
2045	$2,790,023	$370,000	$142,000	$3,302,023
2046	$2,789,201	$390,000	$123,000	$3,302,201
2047	$2,814,836	$410,000	$103,000	$3,327,836
2048	$2,836,565	$430,000	$82,000	$3,348,565
2049	$2,491,487	$450,000	$60,000	$3,001,487
2050	$1,313,287	$475,000	$36,875	$1,825,162
2051	-	$500,000	$12,500	$512,500
TOTALS	**$62,532,318**	**$7,000,000**	**$5,447,583**	**$74,979,901**

Maximum Annual Debt Service Requirements (2048).....$3,348,565*

$0.89 tax rate on the 4/1/2026 Estimated Taxable Value of $399,211,009
@ 95% collections produces.....$3,375,329*

$0.99 tax rate on 2026 Certified Taxable Valuation of $356,587,433
@ 95% collections produces.....$3,353,705*

See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

*Preliminary, subject to change.

OFFICIAL STATEMENT
relating to

$7,000,000

Brazoria County Municipal Utility District No. 32
(A political subdivision of the State of Texas located within Brazoria County, Texas)

UNLIMITED TAX BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $7,000,000 Brazoria County Municipal Utility District No. 32 Unlimited Tax Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, specifically, Chapters 49 and 54 of the Texas Water Code as amended, a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of Brazoria County Municipal Utility District No. 32 (the "District"), an election held within the District, and an order of the Texas Commission on Environmental Quality (the "TCEQ").

This Official Statement includes descriptions of the Bonds, the Bond Resolution, certain information about the District and its financial condition, and the Developer in the District. 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 Bond Counsel upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Brazoria County, the City of Iowa Colony, or any other political subdivision. The Bonds are payable from a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to generate property taxes to pay debt service at current levels.

Potential Effects of Oil Price Volatility on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Dependence on the Energy Industry

The economy of the Houston metropolitan area, which has sometimes been referred to as the energy capital of the world, is, in part, dependent upon the oil and gas and petrochemical industries. During the height of the COVID-19 pandemic in 2020, worldwide consumption of energy decreased dramatically and led to the lowest oil prices in three decades. This led to layoffs of workers, business failures and reduced capital and operating expenditures by energy companies. While there has been some rebound, Houston area jobs in the energy industry have not fully recovered. In 2021, the United States rejoined the 2015 Paris Climate Accords, under which many countries have agreed to move away from fossil fuels to alleviate climate change. Although major energy companies expect that fossil fuels will be vital to the global economy for many years to come, they have recognized the need to direct more investment toward various clean energy projects. The pace and success of these efforts could significantly affect the Houston economy in the future.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter (hereinafter defined) regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

Tax Collections

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 state and 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."

Tax Collections Limitations and Foreclosure Remedies

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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by: (a) cumbersome, time-consuming and expensive collection procedures; (b) a bankruptcy court's stay of tax collection procedures against a taxpayer; or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) – Overlapping Taxes"), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers' right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes, that have already been paid.

Registered Owners' Remedies

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

the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of 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. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) 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, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if 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.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claim.

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against the District.

A district cannot be placed into bankruptcy involuntarily.

Approval of the Bonds

As required by law, 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 safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Economic Factors and Interest Rates

The Houston area economy is particularly tied to the energy industry, and continuing low oil and natural gas prices could adversely affect the demand for housing and the assessed values of properties located in the District.

The continued growth of taxable values in the District is directly related to the housing and building industry. 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, labor conditions, and general economic conditions. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates at which developers and builders are able to obtain financing for development or building costs. Interest rate levels may affect the developers' or builders' ability to complete development or building plans. Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space. These factors, if they recur, could affect the demand for new residential home construction and commercial development and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon homebuilding plans altogether.

The housing industry in the Houston area is competitive and the District can give no assurance that current building programs will be completed. The competitive position of the Developer in the sale of its developed lots or, respectively, that of present and prospective builders in the construction of single-family residential houses, is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Alternative sites are available for the construction of single-family residential improvements and within the market area in which the District is located. Such sites could pose competition to the continued homebuilding development and commercial development on comparable sites within the District.

Landowners/Developer Under No Obligation to the District

Neither the Developer nor any other landowner within the District has any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District. Currently, there is no restriction on any landowner's right (including the Developer) to sell its land. Failure to construct taxable improvements on developed lots (anticipated to be created by the Developer) and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. The District is also dependent upon certain principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – Principal Taxpayers."

The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. Many of the other developments are generally accessible by the same commuter routes and served by the same employment centers and school districts causing the developments to compete with one another for the same pool of buyers at similar price points and amenity levels.

The competitive position of the Developer in the sale of land and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Dependence on Future Development and Potential Impact on District Tax Rates

The District's anticipated 2026 tax rate of $1.35 per $100 of assessed valuation is slightly higher than the tax rate that is common among many other similar utility districts providing water, sanitary sewer, and storm drainage services in Brazoria County. An increase in the District's tax rate substantially above such a level could have an adverse impact on future development in the District and on the District's ability to collect such tax.

Assuming no further residential building development within the District, other than that which has been constructed, the value of such land and improvements currently located and under construction within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay ad valorem taxes levied by the District. After the issuance of the Bonds, the maximum annual debt service requirement will be $3,348,565 (2048). The District's 4/1/2026 Estimated Taxable Value is $399,211,009. Assuming no increase or decrease from the 4/1/2026 Estimated Taxable Value and no use of other District funds, a tax rate of $0.89 per $100 of Assessed Valuation at 95% collection rate would be necessary to pay the maximum annual debt service requirement. The District's 2026 Certified Taxable Value is $356,587,433. Assuming no increase or decrease from the 2026 Certified Taxable Value and no use of other District funds, a tax rate of $0.99 per $100 of Assessed Valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirements. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Future Debt

The District's voters have authorized the issuance of Unlimited Tax Bonds at an election held within the District on May 5, 2018, for various purposes as reflected in the table below:

Amount	Purpose
$188,988,000	For certain water, sanitary sewer, and storm water facilities and for refunding
$75,059,000	For certain road facilities and for refunding
$20,695,000	For certain parks and recreational facilities and for refunding

After the issuance of the Bonds, the District will have $149,508,000 of unlimited tax water, wastewater and drainage facilities bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, $62,749,000 of unlimited tax road facilities bonds (and for refunding such bonds previously issued) that remain authorized but unissued, and $20,695,000 of unlimited tax parks and recreational facilities bonds (and for refunding such bonds previously issued) that remain authorized but unissued.

The District has the right to issue additional bonds as may hereafter be approved by both the Board and the voters of the District. Such additional bonds would be issued on a parity with the Bonds. Any future new money bonds (except for road bonds) to be issued by the District must also be approved by the TCEQ.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) amendment of the existing City of Iowa Colony ordinance specifying the purposes for which the District may issue bonds; (c) approval of the fire plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting Unlimited Tax Bonds at this time. The District has no information concerning any determination by the City of Iowa Colony to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. The District held a bond election on May 5, 2018, that authorized $20,695,000 of park bonds, none of which have been issued to date.

Current law may be changed in a manner to increase the amount of bonds that may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Resolution on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "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 Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("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. The District is currently not subject to the MS4 Permit. Compliance with the MS4 Permit may require the District to incur costs associated with planning, implementation, operation, maintenance, monitoring, reporting, and other regulatory compliance activities, as well as the implementation of best management practices designed to minimize the discharge of pollutants in stormwater runoff. Such costs may increase the District's future operating expenses.

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.

Changes in Tax Legislation

Certain tax legislation, if enacted 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.

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. If such policy is issued, investors should be aware of the following:

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

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

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

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

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

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

Hurricane Beryl

Hurricane Beryl made landfall along the Texas Gulf Coast on July 8, 2024, and brought high levels of wind and rainfall to the Houston metropolitan area, including the District. According to the District's Engineer, there were no interruptions of water and sewer service as a result of Hurricane Beryl. According to District's Engineer, the District's system did not sustain any material damage from Hurricane Beryl. The District did not receive reports that any homes or improvements within the District experienced structural flooding or other significant damage as a result of Hurricane Beryl.

Severe Weather

The District is located approximately 60 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

The greater Houston area has experienced multiple storms exceeding a 0.2% probability of occurrence (i.e., "500-year flood" events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

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). Flood casualties are usually excepted from coverage unless specific flood insurance is purchased. The District cannot provide assurance that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damages to improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

Specific Flood Type Risks

The District may be subject to the following flood risks:

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

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

Coastal (or Storm Surge) Flooding – Coastal, or storm surge, flooding occurs when sea levels or water levels in estuarial rivers, bayous and channels rise to abnormal levels in coastal areas, over and above the regular astronomical tide, caused by forces generated from a severe storm's wind, waves, and low atmospheric pressure. Storm surge is extremely dangerous, because it is capable of flooding large swaths of coastal property and causing catastrophic destruction. This type of flooding may be exacerbated when storm surge coincides with a normal high tide.

Temporary Tax Exemption for Property Damaged by Disaster

The Property Tax Code (hereinafter defined) 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.

Tax Payment Installments

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

In addition, under the Texas Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). The atlas is updated periodically and in 2026 or 2027 a new atlas ("Atlas 15") is expected to be released. These precipitation frequency studies are used to redraw floodplain boundaries using the most current rainfall data. 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.

Increase in Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing developers, homebuilders, and general contractors to experience budget overruns. Further, the federal administration's impositions and threatened impositions of tariffs and the imposition or threatened impositions of retaliatory tariffs against the United States will impact the ability of developers, homebuilders, general contractors, and district consultants to estimate costs, which could have a direct effect on the District's ability to finance water, sanitary, and detention facilities. Furthermore, the federal administration's immigration policies may impact the Texas' workforce.

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.

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain water, wastewater, and drainage facilities serving the District, developer interest, land acquisition costs, and associated engineering and testing costs; (2) fund $329,000 of capitalized interest on the Bonds; and (3) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds.

The Engineer has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS:	**Total Amount**	
Developer Contribution Items		
Sterling Lakes North Section 7	$1,635,424	
Sterling Lakes North Section 8	$338,406	
Sierra Vista Detention Improvements Phase III	$1,329,555	
Karsten Boulevard Phase IV	$64,858	
Engineering	$793,968	
Materials Testing	$90,235	
Storm Water Pollution Prevention Costs (SWPPP)	$84,898	
Land Acquisition Costs	$1,021,739	
Total Developer Contribution Items	**$5,359,083**	
Less: Use of Surplus Funds	($128,571)	
NET TOTAL CONSTRUCTION COSTS	**$5,230,512**	(a)
NON-CONSTRUCTION COSTS:		
Legal Fees	$180,000	
Fiscal Agent Fees	$130,000	
Capitalized Interest	$329,000	
Developer Interest	$782,739	
Bond Discount	$210,000	
Bond Issuance Expenses	$47,249	
Bond Application Report Costs	$66,000	
Attorney General Fee	$7,000	
TCEQ Bond Issuance Fee	$17,500	
Contingency	$0	(b)
TOTAL NON-CONSTRUCTION COSTS	**$1,769,488**	
TOTAL BOND ISSUE REQUIREMENT	**$7,000,000**	

(a) TCEQ rules require, with certain exceptions, that developers contribute a minimum of 30% of the construction costs of certain district system facilities. The District was granted a waiver from the TCEQ's 30% developer contribution requirement pursuant to 30 TEX. ADMIN. CODE §293.47(a)(3).

(b) The District will designate any surplus Bond proceeds resulting from the sale of the Bonds at a lower interest rate than the estimated rate as a contingency line item in the Final Official Statement. Such funds will be used by the District according to the rules of the TCEQ and if necessary after the approval of the TCEQ.

THE DISTRICT

Authority

The District is a municipal utility district created by order of the TCEQ dated October 17, 2007. The District was created pursuant to the authority of Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District was created with certain road and park powers.

Under certain limited circumstances, the District is authorized to construct, develop, and maintain park and recreational facilities, and to construct roads. In addition, the District is authorized to establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to provide such facilities and services to the customers of the District.

In order to obtain the consent of the City of Iowa Colony (the "City") to the inclusion of land within District (within whose extraterritorial jurisdiction the District lies) the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities, road facilities, and park and recreational facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require the City's approval of certain of the District's construction plans and specifications.

Description

The District contains approximately 591 acres of land. The District is located entirely within Brazoria County, Texas, and entirely within the extraterritorial jurisdiction of the City of Iowa Colony, Texas. The District is located entirely within the Alvin Independent School District. The District is located approximately 20 miles south of the Central Business District of the City of Houston. The District consists of 4 non-contiguous tracts of land. The District is generally bounded on the north by County Road No. 56 and to the east by State Highway 288. According to the District's Engineer, none of the developed land within the District would be subject to flooding during a hypothetical 100-year flood event.

Status of Land Development/Land Uses in the District

A summary of the approximate land use in the District appears in the following table as of September 1, 2026:

Type of Land Use	Approximate Acres	
Developed Acres	276	(a)
Remaining Developable Acreage	238	(b)
Undevelopable Acreage	77	(c)
Total Approximate Acres	**591**	

(a) Represents the developable acres located in Sierra Vista Subdivision, Sections 1, 2, 4a, 4b, 5, 6, 7, 8, 10, Sterling Lakes, Section 13, Sterling Lakes North, Section 7, and Sterling Lakes North, Section 8. Additionally, includes approximately 35 acres of developed commercial reserves.

(b) Represents acres that will most likely be developed for mixed use commercial and single-family residential development uses in the future.

(c) Includes street rights-of-way, detention ponds, drainage easements, parks and recreation, open spaces, District plant sites, pipeline easements and drilling sites.

Homebuilding Development

A tabulation of the single-family development and potential future commercial development within the District as of September 1, 2026, is approximately as follows:

Section	Acreage	Total Lots	Completed	Under Construction	Vacant Developed Lots
Sierra Vista, Section 1 (a)	12	35	34	0	1
Sierra Vista, Section 2 (b)	67	176	176	0	0
Sierra Vista, Section 4a (c)	23	107	107	0	0
Sierra Vista, Section 4b (d)	30	126	126	0	0
Sierra Vista, Section 5 (e)	16	59	58	0	1
Sierra Vista, Section 6 (f)	26	35	35	0	0
Sierra Vista, Section 7 (g)	4	13	13	0	0
Sierra Vista, Section 8 (g)	12	93	17	0	76
Sierra Vista, Section 10 (h)	17	166	41	23	102
Sterling Lakes, Section 13 (i)	28	146	146	0	0
Canterra Creek, Section 7 (j)	36	118	118	0	0
Canterra Creek, Section 8 (j)	22	90	90	0	0
Future Reserves (k)	298	-	-	-	-
TOTAL	**591**	**1,164 (l)**	**961**	**23**	**180**

(a) Homes in Sierra Vista, Section 1 were constructed by Castle Rock Communities, D.R. Horton and Westin Homes and have an average selling price of approximately $313,000.

(b) Homes in Sierra Vista, Section 2 were constructed by Century Communities, CastleRock Communities, D.R. Horton and Westin Homes and have an average selling price of approximately $268,000.

(c) Homes in Sierra Vista, Section 4a were constructed by Meritage Homes and have an average selling price of $281,000.

(d) Homes in Sierra Vista, Section 4b were constructed by Century Communities and CastleRock Communities and have an average selling price of $313,000.

(e) Homes in Sierra Vista, Section 5 are being constructed by Adams Homes and HistoryMaker Communities and have an average selling price of $333,000.

(f) Homes in Sierra Vista, Section 6 were constructed by CastleRock Communities and Colina Homes and have an average selling price of $318,000.

(g) Brohn Homes is now the developer/homebuilder in Section 8. Section 8 is being developed in two phases. The first phase includes 93 developed lots with 17 completed homes. According to Brohn Homes, the second phase of 75 lots will be developed at some time in the future.

(h) Homes in Sierra Vista, Section 10 are being constructed by Lennar Homes and are marketed in the $240,000 price range.

(i) Homes in Sterling Lakes, Section 13 were constructed by Censeo Homes, Gehan Homes and Colina Homes and were marketed in the $192,990 - $241,990 price range.

(j) The lots in these sections were just recently completed. Such lots have been sold to DR Horton and Lennar Homes and have an average selling price of $290,000.

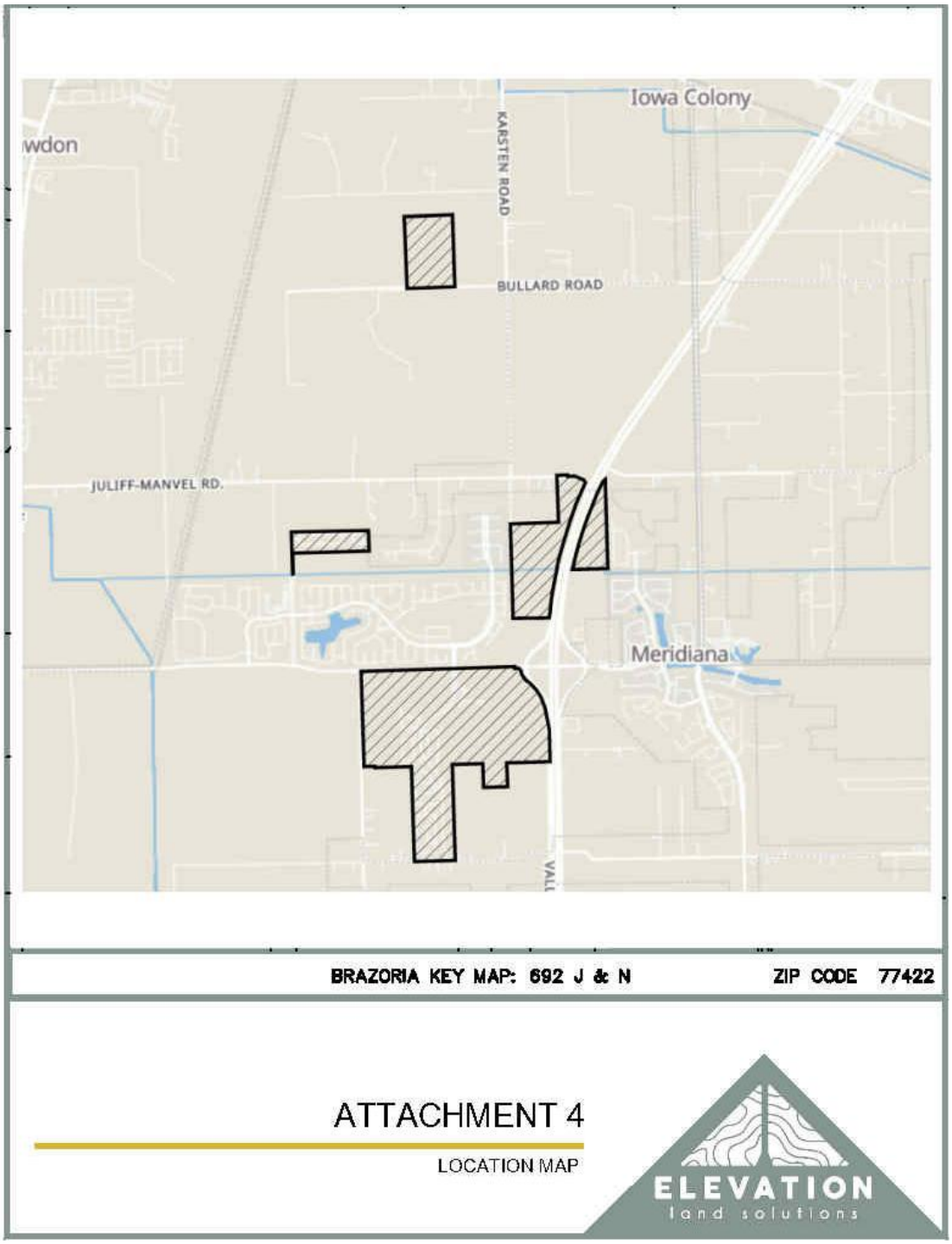
(k) Represents land that will be developed for both mixed use commercial and single-family residential development in the future.

(l) Approximately 949 homes of the completed homes were occupied as of September 1, 2026.

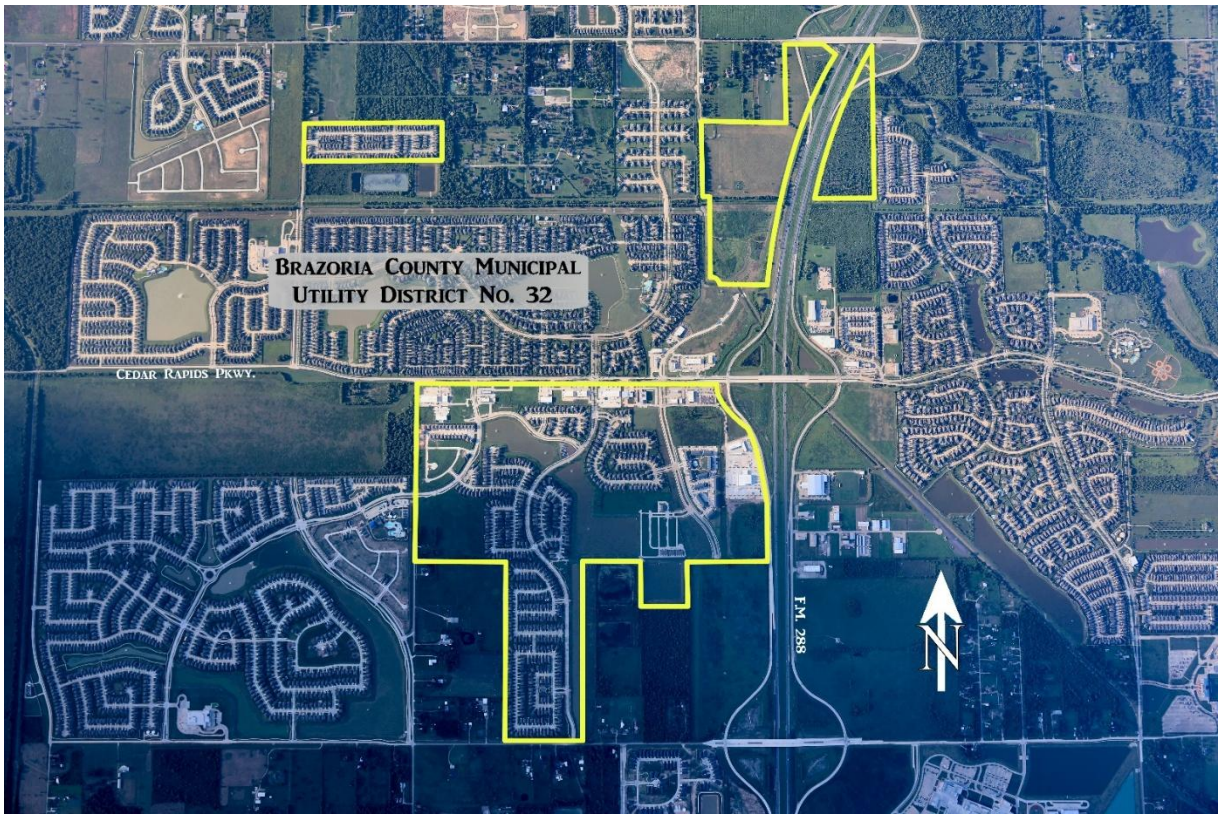
Commercial Builder Development

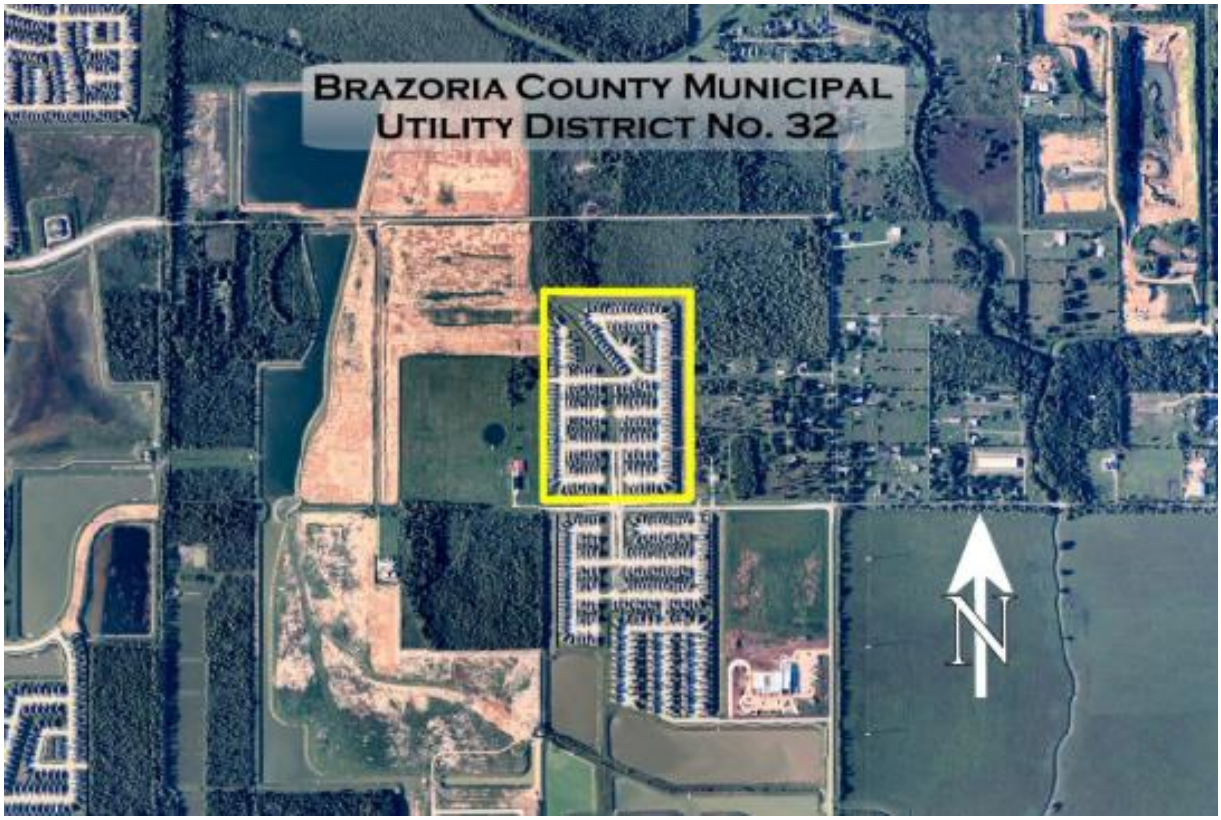
The commercial building development in the District currently includes a pharmacy, two gas stations, a Montessori School, two occupied strip centers, three strip centers, a 300-unit apartment complex, a daycare, and a car dealership that is currently under construction.

LOCATION MAP



AERIAL PHOTOGRAPH





THE DISTRICT'S DEVELOPER

Role of a Developer

In general, the activities of a developer in a municipal utility district, such as the District, include purchasing the land within a district, designing the streets 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, and selling improved lots and commercial reserves to builders, other developers, or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater, and drainage facilities in the utility district exclusive of water and sewage treatment plants unless a waiver from this requirement is requested and obtained from the TCEQ by the District, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district.

The Developer

The Original Developer in the District is Land Tejas Sterling Lakes South, LLC, a special purpose entity created by Land Tejas Companies, Ltd. solely for the purpose of developing land located within the District. The General Partner and sole member of the Original Developer was Mr. Al P. Brende who was also the President of Land Tejas Companies, Ltd.

In December 2021, the Original Developer sold a portion of its interests to Astro Sierra Vista LP, a Delaware limited partnership created by Mr. Al P. Brende/the Land Tejas Companies and Starwood Land Astro Venture LP. Starwood Land Astro Venture LP is a special purpose entity established solely for the purpose of developing land and marketing developed land within the District. Starwood Land Astro Venture LP has entered into a management agreement with the Land Tejas Companies for the purpose of managing the day to day development activities within the District. The Original Developer has assigned its developer financing agreement with the District to Astro Sierra Vista LP. The Original Developer and Astro Sierra Vista LP are collectively referred to herein as the "Developer".

THE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Brazoria County, the City of Iowa Colony (the "City"), and the Texas Department of Health also exercise regulatory jurisdiction over the District's System.

General

The District operates pursuant to a Utility Agreement between the City and the District, dated May 1, 2016, pursuant to which the District assumes responsibility for acquiring and constructing the water distribution and wastewater collection facilities necessary to serve the District. The District entered into the Facility Conveyance Agreement with the City dated as of September 13, 2024, pursuant to which the District conveyed to the City ownership and operation of its water supply and water distribution facilities and its wastewater collection and treatment facilities.

Water Supply

The District now obtains water supply capacity from the water supply facilities owned and operated by the City. The City bills the users in the District directly for water service on a monthly basis and District users make payments directly to the City. Therefore, the District receives no water revenues and is dependent upon the District Operations and Maintenance tax revenue to balance its general fund budget. The Facility Conveyance Agreement with the City reserves capacity in the water supply facilities in an amount equal to 3,265 equivalent single-family connections ("ESFCs") to serve the District and Brazoria County Municipal Utility District No. 31 ("BC 31") until full build out. The District's reserved water supply capacity is adequate to serve the ultimate buildout of the residential portion of the

District. However, the District may have to add water supply capacity to serve the commercial buildout of the District depending upon the density of the future commercial development. The District will be responsible for the acquisition and construction of any additional water supply and water distribution facilities necessary to serve the ultimate buildout of the District in full, which facilities will be conveyed to the City for ownership and operation upon completion.

Wastewater Treatment

The District now obtains wastewater treatment capacity from the wastewater collection and treatment facilities owned and operated by the City. The City bills the users in the District directly for sewer service on a monthly basis and District users make payments directly to the City. Therefore, the District receives no sewer revenues and is dependent upon the District Operations and Maintenance tax revenue to balance its general fund budget. The Facility Conveyance Agreement with the City reserves capacity in the wastewater collection and treatment facilities in an amount equal to 3,461 ESFCs (based on 260 gallons per day of wastewater flow per connection) to serve the District and BC 31 until full build out, however, the District is obligated to continue to pay its pro-rata share of the lease payments for those portions of the water supply and water distribution facilities subject to lease agreements. The District is currently serving approximately 1,168 ESFCs. The District's reserved capacity is sufficient to serve the ultimate buildout of the residential portion of the District. However, the District may have to add additional wastewater treatment plant capacity depending on the density for the future commercial development in the District. The District will be responsible for the acquisition and construction of any additional wastewater collection and treatment facilities necessary to serve the ultimate buildout of the District in full, which facilities will be conveyed to the City for ownership and operation upon completion.

Storm Drainage Facilities

Land within the District naturally drains northwest to southeast through a series of agricultural ditches to the West Fork of Chocolate Bayou and then to Chocolate Bayou. Both ditches are maintained by Brazoria County Drainage District No. 5. The District has constructed underground storm sewers which discharge into a series of detention ponds providing storm water detention to offset increased rainfall runoff associated with development of land in the District. Additionally, a drainage channel along the northern boundary of the development provides outfall drainage.

No homes were located within the District at that time of Hurricane Beryl. The District did not receive any damage to its facilities in the District during Hurricane Beryl. See "RISK FACTORS – Hurricane Beryl."

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection, and storm drainage facilities have been constructed to serve 1,164 residential lots in the District.

100-Year Flood Plain

The District currently has approximately 78 acres within the 100-year floodplain as determined by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM), Map Numbers 48039C0105H, 48039C0110H, 48039C0115H, and 48039C0120H dated June 15, 1989, Brazoria County, Texas, and Incorporated Areas, dated June 9, 2014.

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's operations is provided for information purposes only.

	Fiscal Year Ended June 30 (a)				
	2025	2024	2023	2022	2021
REVENUES					
Property taxes	$ 1,852,436	$1,945,324	$1,949,172	$1,363,607	$997,386
Water service	$55,747	$270,122	$205,738	$178,928	$140,361
Sewer service	$82,408	$370,143	$321,719	$287,279	$205,293
Garbage Service	$137,318	-	-	-	-
Penalty and interest	$2,568	$16,448	$13,739	$10,787	$2,260
Tap connection and inspection fees (b)	$621,960	$335,815	$211,946	$256,042	$920,375
Investment income	$228,800	$205,618	$128,599	$6,495	$2,028
Other income	$5,546	$16,631	$22,139	$6,105	$21,118
TOTAL REVENUES	**$2,986,783**	**$3,160,101**	**$2,853,052**	**$2,109,243**	**$2,288,821**
EXPENDITURES					
Service operations:					
Purchased services	$387,096	$757,930	$679,865	$676,645	$647,991
Professional fees	$160,745	$137,062	$138,899	$106,954	$97,047
Contracted services	$304,397	$326,487	$317,042	$236,012	$209,717
Utilities	$3,383	$4,252	$5,855	$4,603	$3,870
Repairs and maintenance	$252,399	$211,081	$169,839	$109,085	$189,584
Other expenditures	$73,203	$71,216	$55,091	$52,129	$50,354
Tap connections	$10,424	$64,760	$66,489	$26,033	$143,725
Capital Outlay	$1,711,333	$806,160	$46,354	$33,696	$30,490
Debt service, interest	$58,471	$52,631	-	-	-
TOTAL EXPENDITURES	**$2,961,451**	**$2,431,579**	**$1,479,434**	**$1,245,157**	**$1,372,778**
Excess of Revenues Over Expenditures	**$25,332**	**$728,522**	**$1,373,618**	**$864,086**	**$916,043**
Other Financing Sources					
Interfund transfers in (out)	($121,144)	-	$32,398	$263,382	$111,153
Excess (Deficiency) of Revenues & Other Financing Sources Over Expenditures & Other Financing Uses	($95,812)	$728,522	$1,406,016	$1,127,468	$1,027,196
Fund Balance, Beginning of Year	**$4,407,995**	**$3,679,473**	**$2,273,457**	**$1,145,989**	**$118,793**
Fund Balance, End of Year (c)	**$4,312,183**	**$4,407,995**	**$3,679,473**	**$2,273,457**	**$1,145,989**

(a) Per data provided in the District's audited financial statements. See "APPENDIX A" for the District's audited financial statements for the fiscal year ended June 30, 2025.

(b) A portion of the tap connection fee includes the cost of installing and maintaining the tap. Additionally, the tap connection fee includes funds that are dedicated to the payment of water and wastewater treatment capacity necessary to serve the lot; such portion will be used for capital costs and is segregated from general operating revenues.

(c) As of September 11, 2026, the District's General Fund had an unaudited cash and investment balance of approximately $4,252,871. For the fiscal year ended, June 30, 2026, the District's General Fund experienced unaudited revenues of approximately $2,306,415 and unaudited operating expenditures of $1,364,498. For the fiscal year ending June 30, 2027, the District is budgeting General Fund revenues of $3,317,377 and General Fund operating expenditures of $530,516. Additionally, the District is budgeting capital outlays of $2,342,000 to cover its share of the costs of certain permanent water plant construction to be funded initially with the General Fund's cash on hand.

MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board"), which has control over and management supervision of all affairs of the District. None of the directors reside in the District; each of the directors owns a parcel of land in the District subject to a note and deed of trust. A directors' election is held within the District in May in even-numbered years. Directors are elected to serve four-year staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below.

Name	Title	Expires May
Mary Tysor	President	2030
Pei H. Apple	Vice President	2028
Jerry Wood	Secretary	2028
Sally Korfin	Assistant Secretary	2030
Rebecca Marcucci	Assistant Vice President	2028

The District does not employ a general manager or any other full-time employees. The District has contracted for bookkeeping, tax assessing and collecting services, and annual auditing of its financial statements as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Assessments of the Southwest, Inc., who is employed under an annual contract and represents approximately 185 other utility districts.

Bookkeeper – The District's Bookkeeper is McLennan & Associates, LP, which acts as bookkeeper for approximately 200 other utility districts.

Auditor – The financial statements of the District as of June 30, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's June 30, 2025, audited financial statements.

Engineer – The consulting engineer for the District is Elevation Land Solutions (the "Engineer").

Financial Advisor – The GMS Group, L.L.C., (“GMS”) serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of the bonds if and when such bonds are delivered.

Bond Counsel – Allen Boone Humphries Robinson LLP serves as Bond Counsel to the District and as counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Disclosure Counsel – Norton Rose Fulbright US LLP, Houston, Texas, has been engaged by the District to serve as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT INVESTMENT POLICY

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The District’s goal is to preserve principal and maintain liquidity while securing a competitive yield in its portfolio. Funds of the District are invested in short-term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation (“FDIC”) or secured by collateral, evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate the inclusion of long-term securities or derivative products in the District portfolio.

DISTRICT DEBT

4/1/2026 Estimated Taxable Value	$399,211,009	(a)
2026 Certified Taxable Value	$356,587,433	(b)
Direct Debt (As of October 1, 2026)		
Outstanding Bonds	$43,100,000	
The Bonds	$7,000,000	
Total Direct Debt	$50,100,000	
Estimated Overlapping Debt	$34,497,529	
Direct and Estimated Overlapping Debt	$84,597,529	
Percentage of Direct Debt to:		
4/1/2026 Estimated Taxable Value	12.55%	
2026 Certified Taxable Value	14.05%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
4/1/2026 Estimated Taxable Value	21.19%	
2026 Certified Taxable Value	23.72%	
See "DISTRICT DEBT"		
2026 Tax Rate Per $100 of Assessed Value		
Debt Service Tax	$0.56	
Road Debt Service Tax	$0.17	
Maintenance Tax	$0.62	
Total 2026 Tax Rate	$1.35	(c)
Cash and Temporary Investment Balances as of September 11, 2026		
General Fund	$4,252,871	
Debt Service Fund (Pro-Forma)	$560,000	(d)
Road Debt Service Fund	$310,000	(e)

(a) Reflects data supplied by BCAD. The Estimated Taxable Value as of 4/1/2026 was prepared by BCAD and provided to the District. Such values are not binding on BCAD and are provided for informational purposes only. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA."

(b) Reflects the 1/1/2026 Taxable Value according to data supplied by BCAD. The figure above reflects the taxable value of property that is fully certified ($341,701,297) plus approximately 90% of BCAD's estimate of the taxable value of property in the process of being certified ($14,886,136). See "DISTRICT TAX DATA."

(c) The District has published the $1.35 total tax rate and will conduct a public hearing regarding that rate in October 2026. The figures above reflect the District's best estimate of the breakdown of the $1.35 total tax rate.

(d) The cash and investment balance in the Debt Service Fund represents $329,000 of capitalized interest to be funded with the proceeds of the Bonds to be deposited into such fund on the date of delivery of the Bonds. Neither Texas law nor the District's Bond Resolution requires that the District maintain any particular balance in the Debt Service Fund. The figure above also reflects a negative adjustment for the October 1, 2026 debt service payment. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

(e) Neither Texas law nor the District's Bond Resolution requires that the District maintain any particular balance in the Road Debt Service Fund. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Estimated Overlapping Debt

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 the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas and from information obtained directly from certain jurisdictions. Except for the amounts 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, the amount of which has not been reported. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance, and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt	Overlapping %	Overlapping Debt Amount
Brazoria County	$228,443,313	0.47%	$1,079,815
Alvin Independent School District	$993,670,000	1.88%	$18,708,676
Alvin Community College District	$46,170,000	1.29%	$597,393
Brazoria County Drainage District No. 5	$0	7.15%	$0
Port Freeport	$120,040,000	0.96%	$1,157,362
City of Iowa Colony	$39,885,000	32.48%	$12,954,284
Total Estimated Overlapping Debt			**$34,497,529**
The District (a)			$50,100,000
Total Direct and Estimated Overlapping Debt			**$84,597,529**

(a) Includes the Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax information collection experience of the District for the years 2021 through 2025 and includes certain information relative to the 2026 tax year Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

Year	Taxable Valuation	Tax Rate (a)	Tax Levy	Cumulative Tax Collections (b) (c)	Year Ended September 30
2026	$356,587,433	$1.35	$4,813,930	(c)	2027
2025	$287,168,958	$1.35	$3,876,781	99.20%	2026
2024	$257,407,103	$1.35	$3,474,996	99.86%	2025
2023	$243,144,686	$1.35	$3,282,453	99.88%	2024
2022	$151,004,650	$1.35	$2,038,563	100.00%	2023
2021	$141,794,987	$1.35	$1,914,232	100.00%	2022

(a) See "Tax Rate Distribution" herein.

(b) Represents cumulative collections as of August 31, 2026.

(c) The 2026 taxes are in the process of collections; such taxes become delinquent if not paid before February 1, 2027. See "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. The District's voters authorized a maintenance tax of up to $1.50 per $100.00 of assessed valuation at an election held on May 10, 2008. See "Tax Rate Distribution" herein.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2021 through 2026.

	2026 (a)	2025	2024	2023	2022	2021
Debt Service	$0.56	$0.57	$0.43	$0.35	$0.27	$0.20
Road Debt Service	$0.17	$0.02	$0.20	$0.20	$0.09	$0.20
Maintenance/Operations	$0.62	$0.76	$0.72	$0.80	$0.99	$0.95
Total	**$1.35**	**$1.35**	**$1.35**	**$1.35**	**$1.35**	**$1.35**

(a) The District has published the $1.35 total tax rate and will conduct a public hearing regarding that rate in October 2026. The figures above reflect the District's best estimate of the breakdown of the $1.35 total tax rate.

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.

Principal Taxpayers

The list of principal taxpayers for 2026 and the other information provided by this table were provided by BCAD to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of BCAD.

Property Owner	Property Description	Property Value	% of Total
CRP/AR Prose Sierra Vista Owner LP	Commercial	$33,988,450	9.95%
AIA Rosharon	Commercial	$6,127,840	1.79%
KM Sterling Lakes V DST	Commercial	$5,057,930	1.48%
Sierra Vista Ventures LLC	Commercial	$4,347,580	1.27%
Centre at Sierra Vista LLC	Commercial	$4,331,440	1.27%
Panjwani Energy Properties LLC	Commercial	$4,100,000	1.20%
Clayton Properties Group Inc	Land and Improvements	$3,969,740	1.16%
MH Sierra Vista LP	Commercial	$3,406,530	1.00%
HUT Enterprises LLC	Commercial	$3,090,000	0.90%
Astro Sierra Vista LP	Land	$2,691,560	0.79%
TOTAL TOP 10 VALUE		**$71,111,070**	**20.81%**

Analysis of Tax Base

Based on information provided to the District by BCAD and its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the deferments for 2021 through 2026.

Year	Land	Improvements	Personal Property	Gross Valuations	Exemptions	Taxable Valuations	
2026	$85,677,991	$283,459,354	$5,090,790	$374,228,135	$32,526,838	$341,701,297	(a)
2025	$90,165,971	$210,134,990	$12,003,140	$312,304,101	$25,135,143	$287,168,958	
2024	$67,196,076	$205,257,460	$9,816,300	$282,269,836	$24,862,733	$257,407,103	
2023	$59,915,650	$207,624,964	$3,244,660	$270,785,274	$27,640,588	$243,144,686	
2022	$42,169,510	$90,011,550	$23,828,250	$156,009,310	$5,004,660	$151,004,650	
2021	$36,358,058	$107,018,934	$2,663,020	$146,040,012	$4,180,155	$141,859,857	

(a) Reflects only the portion of the January 1, 2026, Certified Taxable Value that is presently certified on the District's tax roll and, therefore, excludes $14,886,136 of uncertified taxable value that is still in the certification process; such amount of uncertified value represents BCAD's estimate of the taxable value that will ultimately be certified on the District's tax roll after successful protest. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

Estimated Overlapping Taxes

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions for substantially all of the completed homes and homes under construction that are located within the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Jurisdictions	2025 Tax Rate
Brazoria County	$0.262548
Road & Bridge Fund	$0.042210
Alvin Independent School District	$1.150000
Alvin Community College	$0.156543
Brazoria County Drainage District No. 5 - Iowa Colony Drainage	$0.108452
Brazoria County Emergency Service District No. 3	$0.079229
Port Freeport	$0.000000
Overlapping Taxes	**$1.798982**
The District (2026 tax rate)	$1.350000
Total Direct & Overlapping Taxes	**$3.148982**

Tax Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District's Operating Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the 4/1/2026 Estimated Taxable Valuation and the 2026 Certified Taxable Valuation. The calculations utilize a tax rate adequate to service the District's total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2048) ..... $3,348,565 (a)

Requires a $0.89 debt service tax rate on the 4/1/2026 Estimated Taxable Value at 95% collections ..... $3,375,329 (a)

Requires a $0.99 debt service tax rate on the 2026 Certified Taxable Value at 95% collections ..... $3,353,705 (a)

(a) Preliminary, subject to change.

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 and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS – Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by the voters in the District. See "DISTRICT TAX DATA – Maintenance Tax."

Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by BCAD. BCAD has the responsibility for appraising property for all taxing units within their respective county. Such appraisal values are subject to review and change by the Brazoria Central Appraisal Review Board (the "Appraisal Review Board"). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, and mobile homes, 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; most individually owned automobiles; and intangible personal property. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, 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 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads 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, 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 may 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 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

Freeport Goods and Goods-in-Transit Exemptions: A "Freeport Exemption" applies to goods, wares, 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 that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property that 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 property for all prior and subsequent years.

Tax Abatement

Either Brazoria County or the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City, Brazoria County, or the District at the option and discretion of each entity, may enter into tax abatement agreements with property owners within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement agreements, which each entity will follow in granting tax abatement agreements to owners of property. The tax abatement agreements may exempt property from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction, including the District, 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 BCAD 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 100% of market value, as such is defined in the Property Tax Code. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use 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 are valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief 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 years for agricultural use, open space land, and timberland.

The Property Tax Code requires BCAD to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in BCAD at least once every three years. It is not known what frequency of reappraisal will be utilized by BCAD 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 BCAD 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 BCAD 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 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 BCAD to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to

property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continues 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 is made by the Board of Directors on an annual basis. The Board of Directors designated the District as a Developing District for purposes of setting the 2026 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units (see "DISTRICT TAX DATA – Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien whether or not the debt or lien existed before the attachment of the tax lien; 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 and land designated for agricultural use and six months for all other 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 months for commercial property, within two years for residence homesteads and land designated for agricultural use, and six months for all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records), or by bankruptcy proceedings that restrict the collection of taxpayer debts. See "RISK FACTORS – Tax Collections."

The Effect of FIRREA on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION

Annexation by the City of Iowa Colony

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City consent ordinance. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, under legislation effective December 1, 2017, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence,

the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

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

Strategic Partnership Agreement

The District entered into a strategic partnership agreement, dated July 18, 2016 (the "SPA"), with the City to provide the terms and conditions under which municipal service will be provided and funded by the parties, and under which the District will continue to exist for an extended period of time if the land within the District were to be annexed for full or limited purposes by the City. The terms of the SPA provide that the City may annex the District for limited purposes to collect the City's one percent sales and use taxes, and that the City may annex the District for full purposes 15 years from the date of the SPA, or when the District has constructed and financed 90 percent of its paving, water, wastewater and drainage infrastructure, whichever comes first. Thereafter, the District will continue as a "limited district" for the purpose of servicing its debt, operating its system, and other purposes described in the SPA. The District with thereafter be subject to the City's ad valorem taxation, as well as the ad valorem taxes of the District; provided that the City agrees to consider the impact of the City tax rate on the District's ability to finance its infrastructure debt, and will enter into an agreement to be negotiated at such time that will provide for a payment to the District by the City in consideration thereof.

Consolidation

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

THE BONDS

General

The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of, and interest, on the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Resolution. Capitalized terms in such summary are used as defined in the Bond Resolution. Such summary is not a complete description of the entire Bond Resolution and is qualified in its entirety by reference to the Bond Resolution, a copy of which is available from the District's Bond Counsel upon request.

The Bonds will be dated and will bear interest from November 1, 2026, at the per annum rates shown on the cover page hereof. The Bonds are fully registered, serial bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds is payable April 1, 2027, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of the principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, 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 beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

In the event that the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Optional Redemption

The Bonds maturing on and after April 1, 2032, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2031, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Source of and Security for Payment

The Bonds are secured by, and payable from, the levy of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees, and Appraisal District fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Brazoria County, the City of Iowa Colony, or any entity other than the District.

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

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

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

Funds

In the Bond Resolution, the Debt Service Fund is confirmed and the proceeds from all taxes levied, appraised, and collected for and on account of the Bonds authorized by the Bond Resolution, shall be deposited as collected in such fund.

Accrued interest on the Bonds and $329,000 of capitalized interest, funded with proceeds of the Bonds, shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction and land acquisition costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolution in accordance with TCEQ rules.

No Arbitrage

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

Paying Agent/Registrar

Pursuant to the Bond Resolution, the initial paying agent and initial registrar with respect to the Bonds is BOKF, N.A., Dallas, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, any outstanding bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Resolution to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Bond Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Dallas, Texas. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the period beginning at the opening of business on a Record Date (defined herein) 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 30 calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the District and the Registrar of security or indemnity as may be required by either of them to keep them harmless. The District will require payment of taxes, governmental charges, and expenses in connection with any such replacement.

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 authorities, 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 authorities, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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.

Issuance of Additional Debt

The District's voters have authorized the issuance of Unlimited Tax Bonds at an election held within the District on May 5, 2018, for various purposes as reflected in the table below:

Amount	Purpose
$188,988,000	For certain water, sanitary sewer, and storm water facilities and for refunding
$75,059,000	For certain road facilities and for refunding
$20,695,000	For certain parks and recreational facilities and for refunding

After the issuance of the Bonds, the District will have $149,508,000 of unlimited tax water, wastewater and drainage facilities bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, $62,749,000 of unlimited tax road facilities (and for refunding such bonds previously issued) that remain authorized but unissued, and $20,695,000 of unlimited tax parks and recreational facilities bonds (and for refunding such bonds previously issued) that remain authorized but unissued.

The District has the right to issue additional bonds, as may hereafter be approved by both the Board and the voters of the District. Such additional bonds would be issued on a parity with the Bonds. Any future new money bonds (except road bonds) to be issued by the District must also be approved by the TCEQ. Further, the principal amount of parks and recreational facilities bonds issued by the District may not exceed one percent of the District's certified taxable assessed valuation, unless, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District.

The District is also authorized by statute to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for said purpose, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) amendment of the existing City ordinance specifying the purposes for which the District may issue bonds; (c) approval of the fire plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting Unlimited Tax Bonds at this time. The District has no information concerning any determination by the City to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, Maturity Value, and interest on the Bonds are to be paid to and credited by 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, the Financial Advisor, and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriter cannot and do 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 United States Bonds 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, New York, 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 or Maturity Value, as the case may be, 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. 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 Standard & Poor's 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 Securities under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 securities representing their ownership interests in Securities except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities 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 Certificate documents. For example, Beneficial Owners of Securities 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 fewer than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with 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. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are 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, securities are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor or the Underwriter takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Proceedings

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.

Legal Review

In its capacity as Bond Counsel, Allen Boone Humphries Robinson LLP has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT and CONSOLIDATION," "THE BONDS," "LEGAL MATTERS – Legal Opinions" (to the extent such section relates to the opinion of Bond Counsel) and " – Legal Review," "TAX MATTERS," and "REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS" solely to determine whether such information fairly summarizes the documents and legal matters referred to therein. Bond Counsel has not, however, independently verified any of the other 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 any of the other information contained herein. 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 issuance of the Bonds are based on a percentage of the Bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No-Litigation Certificate

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that there is not pending, and to the knowledge of the District, there is not threatened any litigation affecting the validity of the Bonds, the levy and/or collection of taxes for the payment thereof, the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

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

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt

obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District will designate the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

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

Additional Federal Income Tax Considerations

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

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

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

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

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

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

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

Collateral Tax Consequences" and "– Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the 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.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

OFFICIAL STATEMENT

Sources of Information

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 that are believed to be reliable, but no representation is made as to the accuracy or completeness of the information derived from such other sources. The summaries of the statutes, orders, resolutions, engineering, and other related reports set forth in the Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information.

Consultants

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

Engineer - The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled "THE SYSTEM," "USE OF BOND PROCEEDS," and certain engineering matters included in "THE DISTRICT – Description," and "THE DISTRICT – Status of Land Development/Land Uses in the District" has been provided by Elevation Land Solutions and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector - The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned "DISTRICT TAX DATA," has been provided by BCAD and by Assessments of the Southwest, Inc., in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor - The financial statements of the District as of June 30, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's June 30, 2025, audited financial statements.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District's audited financial statements are required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

Certification as to Official Statement

The Board of Directors of the District, acting in its official capacity and in reliance upon the consultants listed above and certain certificates of representation to be provided to the Board, 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 the 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 of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, in the other matters described in the Official Statement, until the delivery of the Bonds. All information with respect to the resale of the Bonds shall be the responsibility of the Underwriters.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Brazoria County Municipal Utility District No. 32 as of the date shown on the cover page.

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Brazoria County Municipal Utility District No. 32

Brazoria County, Texas

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

June 30, 2025

Brazoria County Municipal Utility District No. 32
Contents
June 30, 2025

Independent Auditor's Report 1

Management's Discussion and Analysis 3

Basic Financial Statements

Statement of Net Position and Governmental Funds Balance Sheet 8

Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances 10

Notes to Financial Statements 11

Required Supplementary Information

Budgetary Comparison Schedule – General Fund 23

Notes to Required Supplementary Information 24

Supplementary Information

Other Schedules Included Within This Report 25

Schedule of Services 26

Schedule of General Fund Expenditures 27

Schedule of Temporary Investments 28

Analysis of Taxes Levied and Receivable 29

Schedules of Long-Term Debt Service Requirements by Years 31

Changes in Long-Term Bonded Debt 38

Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years 39

Board Members, Key Personnel, and Consultants 41

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Independent Auditor's Report

Board of Directors
Brazoria County Municipal Utility District No. 32
Brazoria County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Brazoria County Municipal Utility District No. 32 (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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

Houston, Texas
November 10, 2025

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	$ 7,206,931	$ 6,264,310
Capital assets	20,148,791	28,505,479
Total assets	$ 27,355,722	$ 34,769,789
Long-term liabilities	$ 61,931,654	$ 51,332,546
Other liabilities	1,823,796	729,859
Total liabilities	63,755,450	52,062,405
Net position		
Net investment in capital assets	(6,310,991)	(8,389,467)
Restricted	710,813	643,570
Unrestricted	(30,799,550)	(9,546,719)
Total net position	$ (36,399,728)	$ (17,292,616)

The total net position of the District decreased by $19,107,112, or approximately 110%. The majority of the decrease in net position is due to the conveyance of capital assets to another governmental entity for ownership and maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At June 30, 2025, unrestricted net position was $(30,799,550). This amount was negative because the District has conveyed its water and wastewater facilities to the City of Iowa Colony (City) per the Facility Conveyance Agreement (Conveyance Agreement).

Summary of Changes in Net Position

	2025	2024
Revenues		
Property taxes	$ 3,460,596	$ 3,296,464
Charges for services	275,473	640,265
Other revenues	947,406	670,779
Total revenues	4,683,475	4,607,508
Expenses		
Services	1,087,240	1,871,529
Depreciation	641,958	594,172
Conveyance of capital assets	20,433,664	1,574,093
Debt service	1,627,725	1,218,969
Total expenses	23,790,587	5,258,763
Change in net position	(19,107,112)	(651,255)
Net position, beginning of year	(17,292,616)	(16,641,361)
Net position, end of year	$ (36,399,728)	$ (17,292,616)

Financial Analysis of the District's Fund

The District's combined fund balances as of the end of the fiscal year ended June 30, 2025 were $5,677,822, a decrease of $305,125 from the prior year.

The general fund's fund balance decreased by $95,812 primarily due to a transfer to the debt service fund.

The debt service fund's fund balance increased by $168,034 primarily due to property tax revenues, a transfer from the general fund, and proceeds from the sale of bonds being greater than bond principal and interest requirements.

The capital projects fund's fund balance decreased by $377,347 due to capital outlay expenditures, bond anticipation note principal and interest expenditures, and debt issuance costs exceeding proceeds from the sale of bonds.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to tap connection and inspection fees revenues, investment income, and repairs and maintenance and capital outlay expenditures being greater than anticipated as well as purchased services and professional fees expenditures being less than anticipated. In addition, garbage service revenues, debt issuance costs, and interfund transfers out were not budgeted. The fund balance as of June 30, 2025 was expected to be $4,340,866, and the actual end-of-year fund balance was $4,312,183.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2025	2024
Land and land improvements	$ 8,358,157	$ 8,599,278
Construction in progress	-	57,726
Water facilities	-	2,852,055
Wastewater facilities	-	5,723,086
Drainage facilities	11,790,634	9,978,359
Paving facilities	-	1,294,975
Total capital assets	$ 20,148,791	$ 28,505,479

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

Detention basin facilities to serve Sterling Lakes at Iowa Colony and Sterling Lakes, Section 13	$ 245,438
Drainage facilities to serve Sierra Vista Boulevard, Phase 2, Sterling Lakes, Section 13, and County Road 48, Sierra Vista, Section 10, Bullard Parkway, Phase 3, and Sterling Lakes North, Sections 7 and 8	2,110,630
Total additions to capital assets	$ 2,356,068

Developers within the District have constructed facilities on behalf of the District under the terms of contracts with the District. The District has agreed to reimburse the developer for these facilities from the proceeds of future bond issues subject to the approval of the Commission, if required. At June 30, 2025, a liability for developer-constructed capital assets of $24,909,569 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended June 30, 2025 are summarized as follows:

Long-term debt payable, beginning of year	$ 51,332,546
Increases in long-term debt	14,732,665
Decreases in long-term debt	(4,133,557)
Long-term debt payable, end of year	$ 61,931,654

At June 30, 2025, the District had $162,238,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District and for refunding such bonds; $20,695,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing, and improving recreational facilities and for refunding such bonds; and $62,749,000 of unlimited tax bonds authorized, but unissued, for the purpose of purchasing, constructing, and maintaining roads and for refunding such bonds.

The District's bonds do not carry an underlying rating. The Series 2020, Road Series 2020A, Series 2021, and Road Series 2023 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2022 and 2024 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Inc.

Other Relevant Factors

Relationship to the City of Iowa Colony

Under existing Texas law, since the District lies partially within the corporate boundaries and partially within the extraterritorial jurisdiction of the City, the District must conform to the City ordinance consenting to the inclusion of land within the District.

Strategic Partnership Agreement

Effective July 18, 2016, the District entered into a Strategic Partnership Agreement (Agreement) under which the City annexed a tract of land (tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments and the services provided by the City, the District agrees to continue to provide and develop water, sewer, and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 15 years. During the current year, the District did not receive any revenues related to this Agreement.

Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs plus interest from the proceeds of future bond sales to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately $5,586,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Conveyance of Facilities

By letter dated January 16, 2024, the City notified the District that it intended to exercise its option to take ownership of the District's water and wastewater facilities within six months, including operations, billing, and maintenance. Per the Conveyance Agreement dated September 13, 2024, the District's water supply and wastewater facilities are to be conveyed to the City for ownership and operation upon the execution and delivery of the Utility Conveyance. Upon the recording of the Utility Conveyance, the City agrees it will operate and maintain the facilities at its sole cost and expense. The City will meter and bill customers for water and wastewater service and all revenues for water and wastewater services will be kept by the City.

On May 23, 2024, a portion of the District's water and wastewater facilities were conveyed to the City, and on November 24, 2024, the District's remaining water and wastewater facilities were conveyed to the City and the City assumed full ownership and operation of the facilities and began metering and billing all customers of the District.

Subsequent Event

On October 14, 2025, the District awarded the sale of its Unlimited Tax Bonds, Series 2025, in the amount of $5,730,000, at a net effective interest rate of approximately 4.654%. The proceeds will be used to reimburse the developers for facilities constructed within the District.

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Brazoria County Municipal Utility District No. 32
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 38,182	$ 69,208	$ 170	$ 107,560	$ -	$ 107,560
Short-term investments	5,664,842	1,034,323	274,573	6,973,738	-	6,973,738
Property taxes receivable	12,035	9,426	-	21,461	-	21,461
Interfund receivables	37,431	25,000	-	62,431	(62,431)	-
Due from others	104,172	-	-	104,172	-	104,172
Capital assets (net of accumulated depreciation)						
Land and land improvements	-	-	-	-	8,358,157	8,358,157
Infrastructure	-	-	-	-	11,790,634	11,790,634
Total Assets	$ 5,856,662	$ 1,137,957	$ 274,743	$ 7,269,362	$ 20,086,360	$ 27,355,722

Brazoria County Municipal Utility District No. 32
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2025 (Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 1,491,307	$ -	$ 204	$ 1,491,511	$ -	$ 1,491,511
Accrued interest payable	-	-	-	-	316,148	316,148
Due to others	16,137	-	-	16,137	-	16,137
Interfund payables	25,000	37,431	-	62,431	(62,431)	-
Long-term liabilities						
Due within one year	-	-	-	-	695,000	695,000
Due after one year	-	-	-	-	61,236,654	61,236,654
Total Liabilities	1,532,444	37,431	204	1,570,079	62,185,371	63,755,450
Deferred Inflows of Resources						
Deferred property tax revenues	12,035	9,426	-	21,461	(21,461)	-
Fund Balances/Net Position						
Fund balances						
Restricted						
Unlimited tax bonds	-	520,866	-	520,866	(520,866)	-
Unlimited tax road bonds	-	570,234	-	570,234	(570,234)	-
Water, sewer, and drainage	-	-	236,694	236,694	(236,694)	-
Roads	-	-	37,845	37,845	(37,845)	-
Unassigned, fund balances	4,312,183	-	-	4,312,183	(4,312,183)	-
Total fund balances	4,312,183	1,091,100	274,539	5,677,822	(5,677,822)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,856,662	$ 1,137,957	$ 274,743	$ 7,269,362		
Net position						
Net investment in capital assets					(6,310,991)	(6,310,991)
Restricted for debt service					635,569	635,569
Restricted for capital projects					75,244	75,244
Unrestricted					(30,799,550)	(30,799,550)
Total net position					$ (36,399,728)	$ (36,399,728)

Brazoria County Municipal Utility District No. 32
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,852,436	$ 1,620,614	$ -	$ 3,473,050	$ (12,454)	$ 3,460,596
Water service	55,747	-	-	55,747	-	55,747
Sewer service	82,408	-	-	82,408	-	82,408
Garbage service	137,318	-	-	137,318	-	137,318
Penalty and interest	2,568	17,653	-	20,221	-	20,221
Tap connection and inspection fees	621,960	-	-	621,960	-	621,960
Investment income	228,800	47,085	23,794	299,679	-	299,679
Other income	5,546	-	-	5,546	-	5,546
Total Revenues	2,986,783	1,685,352	23,794	4,695,929	(12,454)	4,683,475
Expenditures/Expenses						
Service operations						
Purchased services	387,096	-	-	387,096	(168,919)	218,177
Professional fees	160,745	4,912	-	165,657	17,468	183,125
Contracted services	304,397	34,916	-	339,313	-	339,313
Utilities	3,383	-	-	3,383	-	3,383
Repairs and maintenance	252,399	-	-	252,399	-	252,399
Other expenditures	73,203	6,330	886	80,419	-	80,419
Tap connections	10,424	-	-	10,424	-	10,424
Capital outlay	1,711,333	-	1,445,045	3,156,378	(3,156,378)	-
Depreciation	-	-	-	-	641,958	641,958
Conveyance of capital assets	-	-	-	-	20,433,664	20,433,664
Debt service						
Principal retirement	-	655,000	2,990,000	3,645,000	(3,645,000)	-
Interest and fees	-	1,150,735	117,568	1,268,303	30,140	1,298,443
Debt issuance costs	58,471	-	270,811	329,282	-	329,282
Total Expenditures/Expenses	2,961,451	1,851,893	4,824,310	9,637,654	14,152,933	23,790,587
Excess (Deficiency) of Revenues Over Expenditures	25,332	(166,541)	(4,800,516)	(4,941,725)	(14,165,387)	
Other Financing Sources (Uses)						
Interfund transfers in (out)	(121,144)	121,144	-	-	-	
General obligation bonds issued	-	213,431	4,566,569	4,780,000	(4,780,000)	
Discount on debt issued	-	-	(143,400)	(143,400)	143,400	
Total Other Financing Sources (Uses)	(121,144)	334,575	4,423,169	4,636,600	(4,636,600)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(95,812)	168,034	(377,347)	(305,125)	305,125	
Change in Net Position					(19,107,112)	(19,107,112)
Fund Balances/Net Position						
Beginning of year	4,407,995	923,066	651,886	5,982,947	-	(17,292,616)
End of year	$ 4,312,183	$ 1,091,100	$ 274,539	$ 5,677,822	$ -	$ (36,399,728)

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

Brazoria County Municipal Utility District No. 32 (District) was created by an order of the Texas Commission on Environmental Quality (Commission), effective October 17, 2007, in accordance with Article XVI, Section 59, of the Texas Constitution and the Texas Water Code. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate water, sewer, and drainage facilities and to provide such facilities to the landowners of the District. As further discussed in Note 11, the District has conveyed the water and wastewater facilities to the City of Iowa Colony (City) for operation and maintenance.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended June 30, 2025 include collections during the current period or within 60 days of year-end related to the 2024 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended June 30, 2025, the 2024 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

Drainage facilities	10–45 years

Debt Issuance Costs

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$ 20,148,791
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	21,461

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	$ (316,148)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	(61,931,654)
Adjustment to fund balances to arrive at net position.	$ (42,077,550)

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

Change in fund balances.	$ (305,125)
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which conveyance of capital assets, depreciation expense, and noncapitalized costs exceeded capital outlay expenditures in the current period.	(17,936,712)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	143,400
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.	(1,135,000)
Some governmental fund expenditures in the current year were previously reported in the statement of activities.	138,779
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.	(12,454)
Change in net position of governmental activities.	$ (19,107,112)

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

At June 30, 2025, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

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

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

		Maturities in Years			
Type	**Fair Value**	**Less Than 1**	**1–5**	**6–10**	**More Than 10**
Texas CLASS	$ 6,973,738	$ 6,973,738	$ -	$ -	$ -

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

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

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at June 30, 2025 as follows.

Carrying value	
Deposits	$ 107,560
Investments	6,973,738
Total	$ 7,081,298

Investment Income

Investment income of $299,679 for the year ended June 30, 2025 consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of June 30, 2025:

- Pooled investments of $6,973,738 are valued at fair value per share of the pool's underlying portfolio.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2025 is presented as follows:

Governmental Activities	Balances, Beginning of Year	Additions	Retirements	Balances, End of Year
Capital assets, non-depreciable				
Land and land improvements	$ 8,599,278	$ 245,438	$ (486,559)	$ 8,358,157
Construction in progress	57,726	-	(57,726)	-
Total capital assets, non-depreciable	8,657,004	245,438	(544,285)	8,358,157
Capital assets, depreciable				
Water production and distribution facilities	3,215,343	-	(3,215,343)	-
Wastewater collection and treatment facilities	6,607,481	-	(6,607,481)	-
Drainage facilities	11,160,802	2,110,630	-	13,271,432
Paving facilities	1,921,792	-	(1,921,792)	-
Total capital assets, depreciable	22,905,418	2,110,630	(11,744,616)	13,271,432
Less accumulated depreciation				
Water production and distribution facilities	(363,288)	(75,189)	438,477	-
Wastewater collection and treatment facilities	(884,395)	(171,898)	1,056,293	-
Drainage facilities	(1,182,443)	(298,355)	-	(1,480,798)
Paving facilities	(626,817)	(96,516)	723,333	-
Total accumulated depreciation	(3,056,943)	(641,958)	2,218,103	(1,480,798)
Total governmental activities, net	$ 28,505,479	$ 1,714,110	$ (10,070,798)	$ 20,148,791

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2025 were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable					
General obligation bonds	$ 33,940,000	$ 4,780,000	$ 655,000	$ 38,065,000	$ 695,000
Less discounts on bonds	926,999	143,400	27,484	1,042,915	-
	33,013,001	4,636,600	627,516	37,022,085	695,000
Bond anticipation notes	2,990,000	-	2,990,000	-	-
Due to developers	15,329,545	10,096,065	516,041	24,909,569	-
Total governmental activities long-term liabilities	$ 51,332,546	$ 14,732,665	$ 4,133,557	$ 61,931,654	$ 695,000

General Obligation Bonds

	Series 2020	Road Series 2020A
Amounts outstanding, June 30, 2025	$6,875,000	$6,950,000
Interest rates	2.00% to 4.50%	2.00% to 4.50%
Maturity dates, serially beginning/ending	April 1, 2026/2049	April 1, 2026/2049
Interest payment dates	October 1/April 1	October 1/April 1
Callable dates*	April 1, 2026	April 1, 2026

	Series 2021	Series 2022
Amounts outstanding, June 30, 2025	$8,810,000	$5,675,000
Interest rates	2.00% to 4.50%	4.00% to 6.50%
Maturity dates, serially beginning/ending	April 1, 2026/2050	April 1, 2026/2050
Interest payment dates	October 1/April 1	October 1/April 1
Callable dates*	April 1, 2027	April 1, 2027

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

	Road Series 2023	Series 2024
Amounts outstanding, June 30, 2025	$4,975,000	$4,780,000
Interest rates	4.00% to 6.50%	4.00% to 6.50%
Maturity dates, serially beginning/ending	April 1, 2027/2048	April 1, 2028/2049
Interest payment dates	October 1/April 1	October 1/April 1
Callable dates*	April 1, 2028	April 1, 2029

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at June 30, 2025:

Year	Principal	Interest	Total
2026	$ 695,000	$ 1,264,593	$ 1,959,593
2027	845,000	1,231,319	2,076,319
2028	1,070,000	1,188,494	2,258,494
2029	1,115,000	1,136,218	2,251,218
2030	1,165,000	1,082,469	2,247,469
2031–2035	6,455,000	4,726,365	11,181,365
2036–2040	7,755,000	3,701,537	11,456,537
2041–2045	9,460,000	2,424,677	11,884,677
2046–2050	9,505,000	819,142	10,324,142
Total	$ 38,065,000	$ 17,574,814	$ 55,639,814

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

Bond voted	
Water, sewer, and drainage facilities and for refunding	$ 188,988,000
Recreational facilities and for refunding	20,695,000
Road and paving facilities and for refunding	75,059,000
Bond sold	
Water, sewer, and drainage facilities	26,750,000
Road and paving facilities	12,310,000

Due to Developers

Developers of the District have constructed facilities on behalf of the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission, if required, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $24,909,569. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5. Significant Bond Resolutions and Commission Requirements

(A) The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended June 30, 2025, the District levied an ad valorem debt service tax at the rate of $0.43 per $100 of assessed valuation, which resulted in a tax levy of $1,109,335 on the taxable valuation of $257,984,896 for the 2024 tax year. The principal and interest requirements to be paid from the tax revenues and available resources are $1,287,166, of which $861,347 has been paid and $425,819 is due October 1, 2025.

(B) The Road Bond Resolutions require that the District levy and collect an ad valorem road debt service tax sufficient to pay interest and principal on road bonds when due. During the year ended June 30, 2025, the District levied an ad valorem road debt service tax at the rate of $0.20 per $100 of assessed valuation, which resulted in a tax levy of $515,970 on the taxable valuation of $257,984,896 for the 2024 tax year. The principal and interest requirements to be paid from the road tax revenues and available resources are $612,344, of which $405,866 has been paid and $206,478 is due October 1, 2025.

(C) In accordance with the Road Series 2023 and Series 2024 Bond Resolutions, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year		$ 32,120
Additions		
Interest appropriated from bond proceeds – Series 2024	$ 213,431	
Accrued interest received on bonds at date of sale – Series 2024	6,522	219,953
Deductions – Appropriation from bond interest paid		
Road Series 2023	32,120	
Series 2024	71,144	103,264
Bond interest reserve, end of year		$ 148,809

Note 6. Maintenance Taxes

At an election held May 5, 2018, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended June 30, 2025, the District levied an ad valorem maintenance tax at the rate of $0.72 per $100 of assessed valuation, which resulted in a tax levy of $1,857,491 on the taxable valuation of $257,984,896 for the 2024 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 5, 2018, voters authorized a road and paving maintenance tax not to exceed $0.25 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended June 30, 2025, the District did not levy an ad valorem road and paving maintenance tax for the 2024 tax year. The road and paving maintenance tax, if levied, will be used by the general fund to pay expenditures for maintenance of certain roads within the District.

Note 7. Joint Facilities/Cost Sharing Agreement

The District and Brazoria County Municipal Utility District No. 31 (District No. 31) entered into a Joint Facilities/Cost Sharing Agreement (Joint Agreement) on October 27, 2016 for the financing and operation of joint water supply and sewage treatment plant facilities to serve the areas within both districts. Operation and maintenance costs will be allocated to each district on a monthly basis based on the actual costs of operating and maintaining the facilities. Fixed expenditures will be billed based on the pro rata share of each district in each of the facilities and variable expenditures will be billed based on the total number of active equivalent single-family connections (ESFC) of each district as a percentage of the total ESFCs of both districts served by the facilities. During the current year, the District incurred $361,809 for purchased sewer service, $3,265 for purchased water service, and $22,022 for lease payments in relation to the Joint Agreement. District No. 31 is to establish and maintain an operation and maintenance reserve equivalent to two months of budgeted operation and maintenance expenditures.

On May 20, 2024, District No. 31's water supply and wastewater facilities were conveyed to the City for ownership and operation, in accordance with District No. 31's Facility Conveyance Agreement (Conveyance Agreement) dated March 11, 2024 with the City. The City agrees it will operate and maintain the facilities at its sole cost and expense, provided, however, District No. 31 will continue to make all payments due under the lease agreement of the wastewater treatment plant. Per the Conveyance Agreement, District No. 31 assigned to the City its rights, obligations, and responsibilities under the Joint Agreement. The District remained responsible for its pro-rata share of the operating costs of the joint facilities per the Joint Agreement, until the City assumed ownership of all of the District's water and wastewater facilities, which occurred on November 24, 2024, in accordance with the District's Conveyance Agreement dated September 13, 2024.

Note 8. Strategic Partnership Agreement

Effective July 18, 2016, the District entered into a Strategic Partnership Agreement (Agreement) with the City whereby the City may annex any commercial portion of the District from time to time for the purpose of levy and collection of the City's sales and use taxes. The District would continue to exercise all the powers of a municipal utility district in the area of limited purpose annexation as provided by law. The City will keep all of the sales and use taxes collected under the Agreement. As of this date, no area has been so annexed. In addition, the Agreement provides for the provision of fire, police, garbage, and building regulation within the District. The City agrees that it will not annex the District for full purposes until the population of the City and the District combined reaches 5,000.

Note 9. Risk Management

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

Note 10. Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately $5,586,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 11. Conveyance of Facilities

By letter dated January 16, 2024, the City notified the District that it intended to exercise its option to take ownership of the District's water and wastewater facilities within six months, including operations, billing, and maintenance. Per the Conveyance Agreement dated September 13, 2024, the District's water supply and wastewater facilities are to be conveyed to the City for ownership and operation upon the execution and delivery of the Utility Conveyance. Upon the recording of the Utility Conveyance, the City agrees it will operate and maintain the facilities at its sole cost and expense. The City will meter and bill customers for water and wastewater service and all revenues for water and wastewater services will be kept by the City.

On May 23, 2024, a portion of the District's water and wastewater facilities were conveyed to the City, and on November 24, 2024, the District's remaining water and wastewater facilities were conveyed to the City and the City assumed full ownership and operation of the facilities and began metering and billing all customers of the District.

Note 12. Subsequent Event

On October 14, 2025, the District awarded the sale of its Unlimited Tax Bonds, Series 2025, in the amount of $5,730,000, at a net effective interest rate of approximately 4.654%. The proceeds will be used to reimburse the developers for facilities constructed within the District.

Required Supplementary Information

Brazoria County Municipal Utility District No. 32
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 1,922,820	$ 1,848,672	$ 1,852,436	$ 3,764
Water service	234,173	76,397	55,747	(20,650)
Sewer service	315,840	103,040	82,408	(20,632)
Garbage service	-	-	137,318	137,318
Penalty and interest	14,400	4,800	2,568	(2,232)
Tap connection and inspection fees	245,280	81,760	621,960	540,200
Investment income	162,000	162,000	228,800	66,800
Other income	12,000	4,000	5,546	1,546
Total Revenues	2,906,513	2,280,669	2,986,783	706,114
Expenditures				
Service operations				
Purchased services	778,424	740,910	387,096	353,814
Professional fees	216,650	216,650	160,745	55,905
Contracted services	299,556	266,422	304,397	(37,975)
Utilities	4,200	1,400	3,383	(1,983)
Repairs and maintenance	195,440	186,569	252,399	(65,830)
Other expenditures	86,784	80,784	73,203	7,581
Tap connections	42,600	14,200	10,424	3,776
Capital outlay	890,000	840,863	1,711,333	(870,470)
Debt service, debt issuance costs	-	-	58,471	(58,471)
Total Expenditures	2,513,654	2,347,798	2,961,451	(613,653)
Excess (Deficiency) of Revenues Over Expenditures	392,859	(67,129)	25,332	92,461
Other Financing Uses				
Interfund transfers out	-	-	(121,144)	(121,144)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	392,859	(67,129)	(95,812)	(28,683)
Fund Balance, Beginning of Year	4,407,995	4,407,995	4,407,995	-
Fund Balance, End of Year	$ 4,800,854	$ 4,340,866	$ 4,312,183	$ (28,683)

Budgets and Budgetary Accounting

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

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

Supplementary Information

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

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 11–22

[X] Schedule of Services

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[X] Schedules of Long-Term Debt Service Requirements by Years

[X] Changes in Long-Term Bonded Debt

[X] Comparative Schedules of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years

[X] Board Members, Key Personnel, and Consultants

Brazoria County Municipal Utility District No. 32
Schedule of Services
Year Ended June 30, 2025

1. Services provided by the District

___ Retail Water	___ Wholesale Water	X Drainage
___ Retail Wastewater	___ Wholesale Wastewater	___ Irrigation
X Parks/Recreation	___ Fire Protection	X Security
___ Solid Waste/Garbage	___ Flood Control	___ Roads

X Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

X Other Water and wastewater services are provided by the City of Iowa Colony.

Brazoria County Municipal Utility District No. 32
Schedule of General Fund Expenditures
Year Ended June 30, 2025

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 24,000	
Legal	104,918	
Engineering	30,477	
Financial advisor	1,350	160,745
Purchased Services for Resale		
Bulk water and wastewater service purchases		387,096
Regional Water Fee		-
Contracted Services		
Bookkeeping	41,182	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	12,375	
Other contracted services	16,725	70,282
Utilities		3,383
Repairs and Maintenance		252,399
Administrative Expenditures		
Directors' fees	11,492	
Office supplies	7,874	
Insurance	3,995	
Other administrative expenditures	49,842	73,203
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	1,711,333	1,711,333
Debt Service		
Interest		-
Tap Connection Expenditures		10,424
Solid Waste Disposal		234,115
Lease Payments		-
Parks and Recreation		-
Other Expenditures		58,471
Total Expenditures		$ 2,961,451

Brazoria County Municipal Utility District No. 32
Schedule of Temporary Investments
June 30, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Texas CLASS	4.44%	Demand	$ 2,153,022	$ -
Texas CLASS	4.44%	Demand	3,511,820	-
			5,664,842	-
Debt Service Fund				
Texas CLASS	4.44%	Demand	464,089	-
Texas CLASS	4.44%	Demand	570,234	-
			1,034,323	-
Capital Projects Fund				
Texas CLASS	4.44%	Demand	29,720	-
Texas CLASS	4.44%	Demand	56,669	-
Texas CLASS	4.44%	Demand	37,845	-
Texas CLASS	4.44%	Demand	150,339	-
			274,573	-
Totals			$ 6,973,738	$ -

Brazoria County Municipal Utility District No. 32
Analysis of Taxes Levied and Receivable
Year Ended June 30, 2025

	Maintenance Taxes	Road Debt Service Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 20,135	$ 5,013	$ 8,767
Additions and corrections to prior years' taxes	(13,155)	(3,290)	(5,755)
Adjusted Receivable, Beginning of Year	6,980	1,723	3,012
2024 Original Tax Levy	1,766,527	490,702	1,055,009
Additions and corrections	90,964	25,268	54,326
Adjusted tax levy	1,857,491	515,970	1,109,335
Total to Be Accounted For	1,864,471	517,693	1,112,347
Tax collections: Current year	(1,851,012)	(514,170)	(1,105,466)
Prior years	(1,424)	(356)	(622)
Receivable, End of Year	$ 12,035	$ 3,167	$ 6,259
Receivable, by Year			
2024	$ 6,479	$ 1,800	$ 3,869
2023	5,343	1,335	2,338
2022	109	10	30
2021	104	22	22
Receivable, End of Year	$ 12,035	$ 3,167	$ 6,259

Brazoria County Municipal Utility District No. 32
Analysis of Taxes Levied and Receivable
Year Ended June 30, 2025 (Continued)

	2024	2023	2022	2021
Property Valuations				
Land	$ 67,566,743	$ 60,186,037	$ 41,102,933	$ 36,577,744
Improvements	205,257,460	208,624,965	165,983,833	107,018,934
Personal property	9,816,300	3,244,660	3,210,310	2,663,020
Exemptions	(24,655,607)	(27,204,372)	(12,950,743)	(4,373,859)
Total Property Valuations	$ 257,984,896	$ 244,851,290	$ 197,346,333	$ 141,885,839
Tax Rates Per $100 of Assessed Valuation				
Debt service tax rates	$ 0.4300	$ 0.3500	$ 0.2700	$ 0.2000
Road debt service tax rates	0.2000	0.2000	0.0900	0.2000
Maintenance tax rates*	0.7200	0.8000	0.9900	0.9500
Total Tax Rates Per $100 of Assessed Valuation	$ 1.3500	$ 1.3500	$ 1.3500	$ 1.3500
Tax Levy	$ 3,482,796	$ 3,305,492	$ 2,664,176	$ 1,915,459
Percent of Taxes Collected to Taxes Levied**	99%	99%	99%	99%

*Maximum tax rate approved by voters: $1.50 on May 5, 2018
**Calculated as taxes collected for a tax year divided by taxes levied for that tax year

Brazoria County Municipal Utility District No. 32
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2025

Due During Fiscal Years Ending June 30	Series 2020 Principal Due April 1	Series 2020 Interest Due October 1, April 1	Series 2020 Total
2026	$ 175,000	$ 172,156	$ 347,156
2027	175,000	164,281	339,281
2028	200,000	156,406	356,406
2029	200,000	147,406	347,406
2030	200,000	139,407	339,407
2031	225,000	135,406	360,406
2032	225,000	130,906	355,906
2033	225,000	126,406	351,406
2034	250,000	121,907	371,907
2035	250,000	116,906	366,906
2036	250,000	111,906	361,906
2037	275,000	106,907	381,907
2038	275,000	101,406	376,406
2039	300,000	95,562	395,562
2040	300,000	89,188	389,188
2041	325,000	82,063	407,063
2042	325,000	74,344	399,344
2043	350,000	66,625	416,625
2044	350,000	58,313	408,313
2045	375,000	50,000	425,000
2046	375,000	40,625	415,625
2047	400,000	31,250	431,250
2048	425,000	21,250	446,250
2049	425,000	10,625	435,625
Totals	$ 6,875,000	$ 2,351,251	$ 9,226,251

Brazoria County Municipal Utility District No. 32
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2025 **(Continued)**

Due During Fiscal Years Ending June 30	Road Series 2020A Principal Due April 1	Road Series 2020A Interest Due October 1, April 1	Road Series 2020A Total
2026	$ 200,000	$ 182,850	$ 382,850
2027	205,000	173,850	378,850
2028	215,000	164,625	379,625
2029	220,000	154,950	374,950
2030	225,000	145,050	370,050
2031	235,000	134,925	369,925
2032	240,000	130,225	370,225
2033	245,000	125,425	370,425
2034	255,000	120,525	375,525
2035	265,000	115,425	380,425
2036	270,000	110,125	380,125
2037	280,000	104,388	384,388
2038	290,000	98,437	388,437
2039	295,000	91,913	386,913
2040	305,000	85,275	390,275
2041	315,000	78,031	393,031
2042	325,000	70,550	395,550
2043	335,000	62,831	397,831
2044	345,000	54,875	399,875
2045	355,000	46,681	401,681
2046	365,000	38,250	403,250
2047	375,000	29,125	404,125
2048	390,000	19,750	409,750
2049	400,000	10,000	410,000
Totals	$ 6,950,000	$ 2,348,081	$ 9,298,081

Brazoria County Municipal Utility District No. 32
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2025 **(Continued)**

Due During Fiscal Years Ending June 30	Series 2021 Principal Due April 1	Series 2021 Interest Due October 1, April 1	Series 2021 Total
2026	$ 220,000	$ 220,394	$ 440,394
2027	225,000	210,494	435,494
2028	235,000	200,369	435,369
2029	245,000	193,318	438,318
2030	255,000	185,969	440,969
2031	265,000	178,318	443,318
2032	270,000	170,369	440,369
2033	285,000	162,268	447,268
2034	295,000	156,569	451,569
2035	305,000	150,668	455,668
2036	315,000	144,569	459,569
2037	325,000	138,268	463,268
2038	340,000	131,363	471,363
2039	355,000	124,138	479,138
2040	365,000	116,150	481,150
2041	380,000	107,938	487,938
2042	395,000	99,387	494,387
2043	410,000	90,006	500,006
2044	425,000	80,269	505,269
2045	440,000	70,175	510,175
2046	455,000	59,725	514,725
2047	475,000	48,919	523,919
2048	490,000	37,638	527,638
2049	510,000	26,000	536,000
2050	530,000	13,250	543,250
Totals	$ 8,810,000	$ 3,116,531	$ 11,926,531

Brazoria County Municipal Utility District No. 32
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2025 **(Continued)**

Due During Fiscal Years Ending June 30	Series 2022 Principal Due April 1	Series 2022 Interest Due October 1, April 1	Series 2022 Total
2026	$ 100,000	$ 245,656	$ 345,656
2027	100,000	239,156	339,156
2028	150,000	232,657	382,657
2029	150,000	223,656	373,656
2030	175,000	214,656	389,656
2031	175,000	205,031	380,031
2032	175,000	198,031	373,031
2033	175,000	191,032	366,032
2034	175,000	184,031	359,031
2035	200,000	177,031	377,031
2036	200,000	169,032	369,032
2037	200,000	161,031	361,031
2038	225,000	153,031	378,031
2039	225,000	144,031	369,031
2040	250,000	135,031	385,031
2041	250,000	125,031	375,031
2042	250,000	114,719	364,719
2043	275,000	104,406	379,406
2044	275,000	93,063	368,063
2045	300,000	81,719	381,719
2046	300,000	69,344	369,344
2047	325,000	56,969	381,969
2048	325,000	43,563	368,563
2049	350,000	29,750	379,750
2050	350,000	14,875	364,875
Totals	$ 5,675,000	$ 3,606,532	$ 9,281,532

Brazoria County Municipal Utility District No. 32
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2025 **(Continued)**

Due During Fiscal Years Ending June 30	Road Series 2023 Principal Due April 1	Road Series 2023 Interest Due October 1, April 1	Road Series 2023 Total
2026	$ -	$ 230,106	$ 230,106
2027	140,000	230,107	370,107
2028	145,000	221,006	366,006
2029	150,000	211,582	361,582
2030	160,000	201,831	361,831
2031	165,000	191,431	356,431
2032	170,000	180,706	350,706
2033	180,000	170,081	350,081
2034	185,000	160,181	345,181
2035	195,000	152,782	347,782
2036	205,000	144,981	349,981
2037	215,000	136,781	351,781
2038	220,000	128,181	348,181
2039	230,000	119,382	349,382
2040	245,000	110,181	355,181
2041	255,000	100,075	355,075
2042	265,000	89,556	354,556
2043	275,000	78,625	353,625
2044	290,000	66,938	356,938
2045	300,000	54,612	354,612
2046	315,000	41,863	356,863
2047	330,000	28,475	358,475
2048	340,000	14,450	354,450
Totals	$ 4,975,000	$ 3,063,913	$ 8,038,913

Brazoria County Municipal Utility District No. 32
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2025 **(Continued)**

Due During Fiscal Years Ending June 30	Series 2024 Principal Due September 1	Series 2024 Interest Due September 1, March 1	Series 2024 Total
2026	$ -	$ 213,431	$ 213,431
2027	-	213,431	213,431
2028	125,000	213,431	338,431
2029	150,000	205,306	355,306
2030	150,000	195,556	345,556
2031	150,000	185,806	335,806
2032	150,000	176,056	326,056
2033	175,000	166,306	341,306
2034	175,000	159,306	334,306
2035	175,000	152,306	327,306
2036	175,000	145,306	320,306
2037	200,000	138,306	338,306
2038	200,000	130,306	330,306
2039	200,000	122,306	322,306
2040	225,000	114,056	339,056
2041	225,000	104,775	329,775
2042	250,000	95,494	345,494
2043	250,000	85,182	335,182
2044	275,000	74,869	349,869
2045	275,000	63,525	338,525
2046	300,000	52,182	352,182
2047	300,000	39,807	339,807
2048	325,000	27,432	352,432
2049	330,000	14,025	344,025
Totals	$ 4,780,000	$ 3,088,506	$ 7,868,506

Brazoria County Municipal Utility District No. 32
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2025 **(Continued)**

Due During Fiscal Years Ending June 30	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 695,000	$ 1,264,593	$ 1,959,593
2027	845,000	1,231,319	2,076,319
2028	1,070,000	1,188,494	2,258,494
2029	1,115,000	1,136,218	2,251,218
2030	1,165,000	1,082,469	2,247,469
2031	1,215,000	1,030,917	2,245,917
2032	1,230,000	986,293	2,216,293
2033	1,285,000	941,518	2,226,518
2034	1,335,000	902,519	2,237,519
2035	1,390,000	865,118	2,255,118
2036	1,415,000	825,919	2,240,919
2037	1,495,000	785,681	2,280,681
2038	1,550,000	742,724	2,292,724
2039	1,605,000	697,332	2,302,332
2040	1,690,000	649,881	2,339,881
2041	1,750,000	597,913	2,347,913
2042	1,810,000	544,050	2,354,050
2043	1,895,000	487,675	2,382,675
2044	1,960,000	428,327	2,388,327
2045	2,045,000	366,712	2,411,712
2046	2,110,000	301,989	2,411,989
2047	2,205,000	234,545	2,439,545
2048	2,295,000	164,083	2,459,083
2049	2,015,000	90,400	2,105,400
2050	880,000	28,125	908,125
Totals	$ 38,065,000	$ 17,574,814	$ 55,639,814

Brazoria County Municipal Utility District No. 32
Changes in Long-Term Bonded Debt
Year Ended June 30, 2025

	Bond		
	Series 2020	**Road Series 2020A**	**Series 2021**
Interest rates	2.00% to 4.50%	2.00% to 4.50%	2.00% to 4.50%
Dates interest payable	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity dates	April 1, 2026/2049	April 1, 2026/2049	April 1, 2026/2050
Bonds outstanding, beginning of current year	$ 7,050,000	$ 7,145,000	$ 9,020,000
Bonds sold during current year	-	-	-
Retirements, principal	175,000	195,000	210,000
Bonds outstanding, end of current year	$ 6,875,000	$ 6,950,000	$ 8,810,000
Interest paid during current year	$ 180,031	$ 191,625	$ 229,843

Paying agent's name and address

Series 2020 –	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2020A –	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2021 –	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2022 –	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2023 –	The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2024 –	BOKF, N.A., Dallas, Texas

Bond authority	**Tax and Refunding Bonds**	**Road and Refunding Bonds**	**Recreational and Refunding Bonds**
Amount authorized by voters	$ 188,988,000	$ 75,059,000	$ 20,695,000
Amount of authorization issued	$ 26,750,000	$ 12,310,000	$ -
Remaining authorization to be issued	$ 162,238,000	$ 62,749,000	$ 20,695,000

Debt service fund cash and temporary investment balances as of June 30, 2025:	$ 1,103,531
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,225,593

Issues			
Series 2022	Road Series 2023	Series 2024	Totals
4.00% to 6.50%	4.00% to 6.50%	4.00% to 6.50%	
October 1/ April 1	October 1/ April 1	October 1/ April 1	
April 1, 2026/2050	April 1, 2027/2048	April 1, 2028/2049	
$ 5,750,000	$ 4,975,000	$ -	$ 33,940,000
-	-	4,780,000	4,780,000
75,000	-	-	655,000
$ 5,675,000	$ 4,975,000	$ 4,780,000	$ 38,065,000
$ 250,531	$ 230,106	$ 71,144	$ 1,153,280

Brazoria County Municipal Utility District No. 32
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended June 30,

	Amounts				
	2025	**2024**	**2023**	**2022**	**2021**
General Fund					
Revenues					
Property taxes	$ 1,852,436	$ 1,945,324	$ 1,949,172	$ 1,363,607	$ 997,386
Water service	55,747	270,122	205,738	178,928	140,361
Sewer service	82,408	370,143	321,719	287,279	205,293
Garbage service	137,318	-	-	-	-
Penalty and interest	2,568	16,448	13,739	10,787	2,260
Tap connection and inspection fees	621,960	335,815	211,946	256,042	920,375
Investment income	228,800	205,618	128,599	6,495	2,028
Other income	5,546	16,631	22,139	6,105	21,118
Total Revenues	2,986,783	3,160,101	2,853,052	2,109,243	2,288,821
Expenditures					
Service operations					
Purchased services	387,096	757,930	679,865	676,645	647,991
Professional fees	160,745	137,062	138,899	106,954	97,047
Contracted services	304,397	326,487	317,042	236,012	209,717
Utilities	3,383	4,252	5,855	4,603	3,870
Repairs and maintenance	252,399	211,081	169,839	109,085	189,584
Other expenditures	73,203	71,216	55,091	52,129	50,354
Tap connections	10,424	64,760	66,489	26,033	143,725
Capital outlay	1,711,333	806,160	46,354	33,696	30,490
Debt service, debt issuance costs	58,471	52,631	-	-	-
Total Expenditures	2,961,451	2,431,579	1,479,434	1,245,157	1,372,778
Excess of Revenues Over Expenditures	25,332	728,522	1,373,618	864,086	916,043
Other Financing Sources (Uses)					
Interfund transfers in (out)	(121,144)	-	32,398	263,382	111,153
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(95,812)	728,522	1,406,016	1,127,468	1,027,196
Fund Balance, Beginning of Year	4,407,995	3,679,473	2,273,457	1,145,989	118,793
Fund Balance, End of Year	$ 4,312,183	$ 4,407,995	$ 3,679,473	$ 2,273,457	$ 1,145,989
Total Active Retail Water Connections*	N/A	756	712	677	634
Total Active Retail Wastewater Connections*	N/A	720	683	649	605

*During the fiscal year ended June 30, 2025, the District conveyed its water and wastewater facilities, including all retail water and wastewater connections, to the City of Iowa Colony.

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
62.0 %	61.6 %	68.3 %	64.7 %	43.6 %
1.9	8.6	7.2	8.5	6.1
2.7	11.7	11.3	13.6	9.0
4.6	-	-	-	-
0.1	0.5	0.5	0.5	0.1
20.8	10.6	7.4	12.1	40.2
7.7	6.5	4.5	0.3	0.1
0.2	0.5	0.8	0.3	0.9
100.0	100.0	100.0	100.0	100.0
12.9	24.0	23.6	32.1	28.3
5.4	4.3	4.9	5.1	4.2
10.2	10.3	10.7	11.2	9.2
0.1	0.1	0.2	0.2	0.2
8.4	6.7	7.5	5.1	8.3
2.5	2.2	2.2	2.5	2.2
0.3	2.1	1.2	1.2	6.3
57.3	25.5	1.6	1.6	1.3
2.0	1.7	-	-	-
99.1	76.9	51.9	59.0	60.0
0.9 %	23.1 %	48.1 %	41.0 %	40.0 %

Brazoria County Municipal Utility District No. 32
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended June 30,

	Amounts				
	2025	**2024**	**2023**	**2022**	**2021**
Debt Service Fund					
Revenues					
Property taxes	$ 1,620,614	$ 1,335,120	$ 709,309	$ 567,502	$ 171,786
Penalty and interest	17,653	11,460	15,796	11,414	8,097
Investment income	47,085	49,460	28,360	1,427	383
Other income	-	-	-	50	-
Total Revenues	1,685,352	1,396,040	753,465	580,393	180,266
Expenditures					
Current					
Professional fees	4,912	3,118	3,763	-	-
Contracted services	34,916	35,842	22,271	22,492	19,921
Other expenditures	6,330	2,191	6,269	8,081	1,690
Debt service					
Principal retirement	655,000	340,000	-	-	-
Interest and fees	1,150,735	1,044,190	748,599	511,455	199,181
Total Expenditures	1,851,893	1,425,341	780,902	542,028	220,792
Excess (Deficiency) of Revenues Over Expenditures	(166,541)	(29,301)	(27,437)	38,365	(40,526)
Other Financing Sources (Uses)					
Interfund transfers in (out)	121,144	-	-	-	(13,041)
General obligation bonds issued	213,431	-	435,667	172,383	386,956
Total Other Financing Sources	334,575	-	435,667	172,383	373,915
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	168,034	(29,301)	408,230	210,748	333,389
Fund Balance, Beginning of Year	923,066	952,367	544,137	333,389	-
Fund Balance, End of Year	$ 1,091,100	$ 923,066	$ 952,367	$ 544,137	$ 333,389

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
96.2 %	95.7 %	94.1 %	97.8 %	95.3 %
1.0	0.8	2.1	2.0	4.5
2.8	3.5	3.8	0.2	0.2
-	-	-	0.0	-
100.0	100.0	100.0	100.0	100.0
0.3	0.2	0.5	-	-
2.1	2.6	3.0	3.9	11.1
0.4	0.2	0.8	1.4	0.9
38.8	24.3	-	-	-
68.3	74.8	99.3	88.1	110.5
109.9	102.1	103.6	93.4	122.5
(9.9) %	(2.1) %	(3.6) %	6.6 %	(22.5) %

Brazoria County Municipal Utility District No. 32
Board Members, Key Personnel, and Consultants
Year Ended June 30, 2025

Complete District mailing address:	Brazoria County Municipal Utility District No. 32 Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District business telephone number:	713.860.6400
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 24, 2024
Limit on fees of office that a director may receive during a fiscal year:	$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Mary Tysor	Elected 05/22–05/26	$ 2,652	$ 143	President
Pei Apple	Elected 05/24–05/28	2,210	192	Vice President
Jerry Wood	Elected 05/24–05/28	2,652	427	Secretary
Rebecca Marcucci	Elected 05/24–05/28	1,547	125	Assistant Vice President
Sally Korfin	Elected 05/22–05/26	2,431	384	Assistant Secretary

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

Brazoria County Municipal Utility District No. 32
Board Members, Key Personnel, and Consultants
Year Ended June 30, 2025 **(Continued)**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Allen Boone Humphries Robinson LLP	03/03/08	$ 116,169 139,369	General Counsel Bond Counsel
Assessments of the Southwest, Inc.	04/01/17	17,058	Tax Assessor/ Collector
Brazoria County Appraisal District	Legislative Action	24,138	Appraiser
Elevation Land Solutions	10/27/16	300,617	Engineer
Forvis Mazars, LLP	05/14/18	32,900	Auditor
The GMS Group, L.L.C.	03/24/17	98,300	Financial Advisor
McLennan & Associates, LP	05/21/08	53,005	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	09/22/17	4,912	Delinquent Tax Attorney
Si Environmental, LLC	03/24/17	89,459	Former Operator
Investment Officer			
Jorge Diaz	02/24/17	N/A	Bookkeeper

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

(To be included in the Official Statement, if applicable)